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NEWS SUMMARY

GENERAL
Hunt for Equities
Desertion cases
Business
Equities fell, though selling was relatively light. The FT 30 share was 6.3 down at 397.5

Wholesale price rise of 3 1/4% hits inflation hopes

BY PETER RIDDELL, ECONOMICS CORRESPONDENT
A fresh indication that the promised decline in the rate of inflation is still several months away came yesterday with the announcement by the Department of Industry that prices charged for manufactured goods at the factory gate rose by 3 1/4 per cent last month.

WHOLESALE PRICES (1970=100)
Output (home sales) Materials fuels
1975 1st 176.0 230.9
2nd 184.3 225.4
3rd 193.4 239.3
4th 199.1 254.1

Labour loses on workless rebates

By Rupert Cornwell, Lobby Staff

THE GOVERNMENT suffered a humiliating defeat last night when the Commons rejected on Second Reading a Bill that would have cut rebates to employers on redundancy payments to workers they had dismissed.

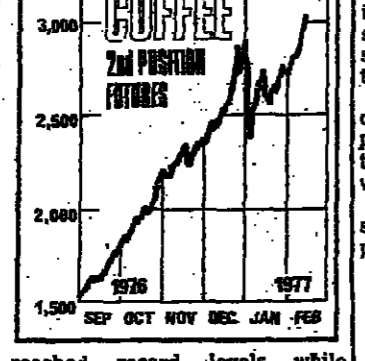
Anti-dumping tax on Japan bearings

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Feb. 7.

THE EUROPEAN Commission made it plain yesterday that it is determined to maintain a firm line over what it considers to be unfair Japanese trading practices by imposing provisional anti-dumping duties on bearings from Japan.

Secret army 'to be on Provos'

John McQuade, a 64-year-old former Unionist MP at Stormont who served as a Cabinet Minister in the Stormont Government, claimed yesterday that a Northern secret army of more than 500 ex-servicemen with instructions to seek out and destroy the Provisional IRA.



Managers feel they are treated unfairly

BY NICHOLAS LESLIE

LEADING INDUSTRIALISTS yesterday called for support in improving the position of British managers who were feeling embittered and demoralised. Many were finding that financial pressures were distracting them from their work.

Inept Whips

Although exulting Conservative MPs were claiming a crushing defeat for their opponents, the setback owed more to inept management by the Government Whips than to any particularly strong feeling about the measure itself.

Accidents in Nev probed

Authorities, in a move recently aimed at ending the link between mining groups, arrested Mr. Mikolajenko, chairman of the union group in Kiev and arrested searches affecting members of the Ukrainian student committee.

C fish licences

Soviet Union is likely to be let a few days grace to get licences to fish inside the 200-mile limit.

Record move

British Airways and Air France to attempt to challenge in court the ban on Concordes.

Chief named

Admiral Stansfield, 55-year-old Nato commander in Southern Europe, is to be the Central Intelligence Agency.

Chiefly...

Labour Party's National Executive Committee last night united to send the next Election.

Chiefly named

Raj Narain, Mrs. Gandhi's election opponent, has been released from jail.

Chiefly named

Soviet Union launched 24th into earth orbit with cosmonauts aboard.

Chiefly named

U.S. Treasury Bill rates: three 4.625 (4.720) per cent; six 4.840 (5.005) per cent.

Table with columns: COMMODITIES, TREASURY, ALLEN HARVEY & ROSS, etc.

Table with columns: MRS. GANDHI'S TROUBLES, SOCIETY TODAY, etc.

Table with columns: FT SURVEY, APPOINTMENTS, etc.

Table with columns: ON OTHER PAGES, APPOINTMENTS, etc.

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Wilson backs Lady Falkender in row over Honours List

BY RICHARD EVANS, LOBBY EDITOR

SIR HAROLD WILSON, written in her own hand on the lavender-coloured notepaper she often used, was Lady Falkender's, written in his own hand on the lavender-coloured notepaper she often used.

Luncheon Vouchers logo



theatre

The Buddenbrooks

It was inevitable that someone, sooner or later, would wish to re-tell Thomas Mann's vividly drawn story of the decline of a family as he himself had written his early masterpiece The Buddenbrooks, to the theatre. Like the rather similar The Rite of Spring, Mann's novel, written at the age of 26, is a masterpiece of TV-serialisation. It has, in fact, been so adapted in Germany. But to bring it to the theatre, for all its 'Buddenbrooks' palpable intricacy, has defied would-be adapters until Hans Hollmann, manager of the Basle City Theatre, Klaus Völker, his literary manager, and the young poet, Tadeus Feiler, hit on the most unusual way of doing it. The result is astonishingly successful.

Delhi cinema by PETER COWIE



Sanjeev Kumar in Satyajit Ray's 'The Chess Players'

The International Film Festival of India, which took place last month in New Delhi, must be the only event of its kind to make money. Although the organisers invite directors and personalities from around the world, so keen is the local population to catch a glimpse of foreign cinema that virtually all tickets are sold weeks in advance of every festival. Well over 200 titles were screened during the fortnight, and the top prize in the competition went to Tadashi Imai's *Mon and Iro*, which paints an alarmingly feudal picture of modern Japanese society and its family tensions.

Producing 470 features a year, the Indian cinema is at once the largest and in certain ways the most primitive in the world. Superstars like Shashi Kapoor and Vijaya may sign up for as many as eighty films in advance, receive a vast fan mail as well as a vast salary, and are unrivalled by even the biggest of Hollywood names. Yet while this mass of routine melodramas may appeal to the Western film buff, there is also buried treasure to be found. In the southern state of Karnataka, for instance, finances around 40 films annually, and at least ten of these have artistic aspirations.

ampetead

The Last Meeting of the Knights of the White Magnolia

by B. A. YOUNG



Glyn Owen, Leslie Schofield, Frank Singuineau, Ronnie Letham and Richard Moore

To one could deny that this play by Preston Jones is a miniature, but it's a miniature of high quality. The Knights of the White Magnolia are a spin-off from the Klux Klan. Founded in 1902 by a man who believed that it was unnecessary to dress up in white bed-sheet to kick a coon. In 1903 (the date of the play) he has diminished to a single figure in a little Texas town. It therefore a matter of some importance when the Imperial Wizard, L. D. Alexander, manager of the supermarket, announces that the evening's proceedings will not be confined, they generally are, to playing dominoes, but that a new number is to be initiated. The initiation and its attendant applications occupy the whole evening. There are no surprises, no sudden changes of plot; there is no more than a crudely observed picture of a silly ignorant man preening to an imaginary audience which oozes away through their lack of character at the end of the meeting. There is no initiation and there is no member of the Knights of the White Magnolia.

English Music Theatre plans

The English Music Theatre Company will present two new productions and two revivals during spring and summer this year. A new production of Purcell's *Fairy Queen* will be mounted in celebration of the Queen's Silver Jubilee and open on Jubilee Day itself, June 2 (it will be directed by Colin Graham and conducted by Stewart Bedford—the production has been made possible by a generous grant from the London Celebrations Committee). The second new production is Mozart's *The Magic Flute* (also directed by Colin Graham, designed by Christopher Morley with Stewart Bedford and David Parry conducting). The two revivals are the

Festival Hall

Elgar by PAUL GRIFFITHS

It could not have happened when Elgar was revered for the most part as the composer of Empire, of pomp and circumstance. Then it would have been impossible for a Barenboim to have recorded most of the important orchestral works of Elgar in his own recordings. Now he is regarded as more the contemporary of Mahler than of King Edward VII. The two works chosen by Sir Georg for Sunday's concert, the Violin Concerto and the Second Symphony, could not have been bettered as representatives of Elgar's private individuality. Nor could these performances have been surpassed in demonstrating the intensity of Elgar's thought, his striving, his passion and his underlying insecurity. That insecurity expresses itself in his own recordings and was captured again here still more startlingly, through a willingness to take risky tempos in the quicker movements, with risky changes of tempo as well. Occasionally Sir Georg failed quite to bring off the superb technique. Elgar can, as happened in the finale to the concerto; but most of his mercurial flights sounded true to the music.

'Double first' at the Albert Hall

The Academy and Chorus of St. Martin in the Fields, conducted by Neville Marriner will give an all-Mozart concert in the Albert Hall on Thursday, February 17. The main work will be the *Requiem* with soloists Jennifer Smith, Helen Watts, Philip Langridge and Stafford Dean.

Hutch without Starsky

David Soul—Butch of the *Starsky and Hutch* TV series—will appear in a series of 12 U.K. concerts next month during an eight-day visit. He will also make a *Top of the Pops* appearance for BBC TV on March 17. His itinerary includes performances at Glasgow, Manchester, Bristol, Birmingham and London. In the case of the four London shows the organisers are complying with a special G.C. request that all ticket holders aged under 16 must be accompanied by an adult.

suits of character pieces. That something similar did not occur in the Violin Concerto was in large measure due to the presence of Kyung-Wha Chung, whose solo line was always rich in expressive detail yet always held in check by the cool band of superb technique. Elgar can, as this performance showed, retain his grandeur when he has lost his grandiosity.

New York ballet

Merce Cunningham

by DAVID VAUGHAN

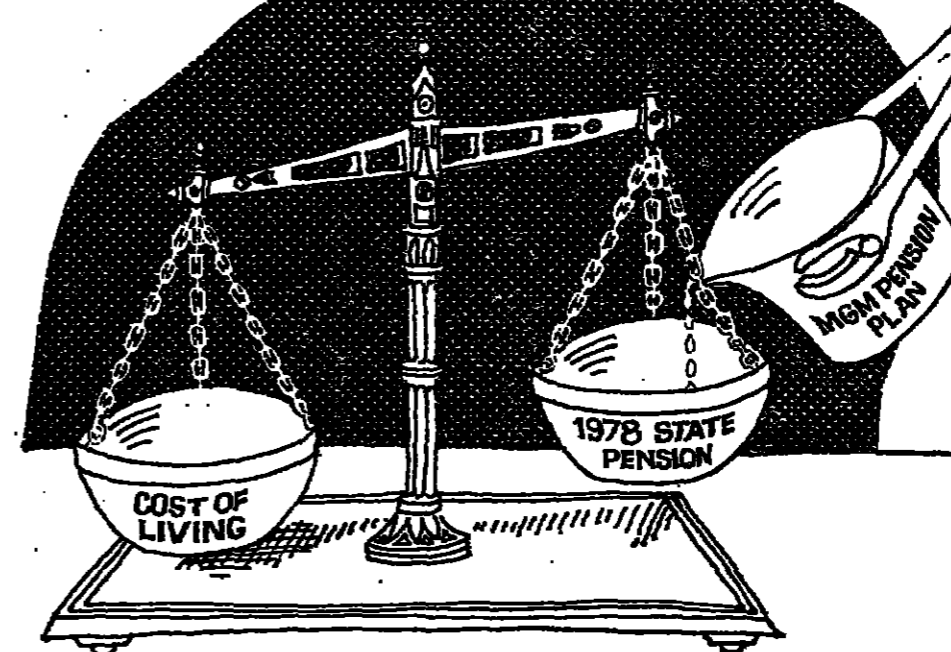
Among the biggest successes beauty fragments of social of the current New York season dances, Balanchinean tangles, have been two uncompromisingly a high-stepping cake-walk strut, avant-garde events that might steps of elevation that are astrophysically have been considered, in their novelty and brilliant commercial terms, box-office fiasco. This programme also included a revival of an earlier Cunningham-Balanchine collaboration, the familiar *Summerspace*, as a week's season by Merce well as Cunningham's recent Cunningham and Dance Company, which he once again demonstrates his extraordinary affinity with the animal kingdom, his last uptown engagement which he redefines his relationship with the young dancers who now make up his company. Theatre eight years ago, appearing as a mysterious, contorting presence who sets the number of new works that have been seen by New York audiences only as part of the "Events" presented in his spacious studio in the West Village or last winter, at the off-Broadway Roundabout Theatre. The idea of dancing on Broadway is in itself of no interest to Cunningham, but he wanted to show these pieces as they have been seen out of town (as well as in Australia, and Japan), with their own decors and scores.

Clearly, the New York audience was ready for a Cunningham season particularly after his brilliant recent programme in the *Dance in America* television series, which, without concession, made the work immediately accessible through its un-gimmicky presentation of a superb choreography and dancing, and Cunningham's own direct and unpretentious commentary. The opening night programme included the premiere of a new dance, *Troislogue*, which reunited Cunningham with his most famous collaborators, John Cage, who continues to be the company's musical advisor, and Robert Rauschenberg, who served to be the resident designer at the end of the world tour in 1964. In characteristic Cunningham style, the component parts were not assembled until the last moment; the result is one of the most ravishing spectacles to be seen in a New York theatre for years. Cage's accompaniment consists of recorded bird-calls and telephone messages (weather reports, Dial-a-Joke, Dial-a-Prayer, etc.). The main feature of Rauschenberg's décor is a row of wooden chairs mounted on white platforms and separated by bicycle wheels; at the beginning this is dragged onto stage at the end of a white rope, with the dancers seated on the chairs. Later, two enormous collage banners descend from the flies. As the dance goes on various garments and accessories are added to the basic costumes of brightly coloured leotards and tights; a male dancer performs a variation with a lot of tin cans down the side of each leg; a woman dances languorously in a loose chiffon blouse and matching leggings, then exits leaving behind a scarf. Cunningham, faun-like, curls up on the floor with it. His choreography matches the sonic and decorative elements in wit and year in his history.

Sounddance—the title is from *Finian's Wake*—is one of his "dark" works, though less overtly dramatic than *Place* say. The dramatic tension is created entirely by the movement and accompanied by David Tudor's car-popping accompaniment. The dancers enter singly, but time through a cap in the tent-like setting and joining the fast and furious activity on stage, until they leave as they came, one by one. Cunningham is the first to appear in a new dance, *Troislogue*, which could be read as a metaphor for the history of his company, in which there has been an increasingly rapid turnover in recent years, and by extension for the brief, hazardous career of a dancer. The current company is technically very strong, with two characteristic Cunningham style, the component parts were not assembled until the last moment; the result is one of the most ravishing spectacles to be seen in a New York theatre for years. Cage's accompaniment consists of recorded bird-calls and telephone messages (weather reports, Dial-a-Joke, Dial-a-Prayer, etc.). The main feature of Rauschenberg's décor is a row of wooden chairs mounted on white platforms and separated by bicycle wheels; at the beginning this is dragged onto stage at the end of a white rope, with the dancers seated on the chairs. Later, two enormous collage banners descend from the flies. As the dance goes on various garments and accessories are added to the basic costumes of brightly coloured leotards and tights; a male dancer performs a variation with a lot of tin cans down the side of each leg; a woman dances languorously in a loose chiffon blouse and matching leggings, then exits leaving behind a scarf. Cunningham, faun-like, curls up on the floor with it. His choreography matches the sonic and decorative elements in wit and year in his history.

Record Tate attendance

A total of 1,202,013 people visited the Tate Gallery in 1976—more than in any previous year in its history.



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EUROPEAN NEWS

THE HELSINKI AGREEMENT

Russians make two more arrests

BY DAVID SATTER

MOSCOW, Feb. 7.

APPARENTLY MOVING to put an end to Helsinki accords monitoring groups, the Soviet authorities have arrested Mr. Nikolai Rudenko, the chairman of the Ukrainian monitoring group, in Kiev, and a second member of the group in Donetsk, dissident sources said to-night.

U.S. 'concern' over Ginzburg

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. 7.

THE U.S. Government to-day expressed "profound concern" about the "especially harsh" Soviet treatment of dissident Alexander Ginzburg. At the same time, the Senate Department brusquely dismissed as "absolutely groundless" a statement issued by the Soviet embassy here protesting against the week-end expulsion of TASS agency correspondent based in Washington.

Belgrade criticises Prague

BY PAUL LENDVAI

VIENNA, Feb. 7.

THE YUGOSLAV Communist Party newspaper Borba to-day accused the Czechoslovak leader, Alexander Dubcek, of violating the spirit of the document adopted at the East Berlin international Communist conference last year, and of labelling all roads to Communism other than the Soviet one as being "anti-Communist."

Wave of political violence in Italy

By Paul Betts

ROME, Feb. 7.

WHILE the wave of political terrorism in Italy continued to-day with an incendiary bomb attack in the historic centre of Venice, both Right and Left-wing political parties expressed concern that extremists were now attempting to revive a climate of political violence in the country similar to the "strategy of tension" of the late 'sixties.

Police attributed to-day's attack in Venice against the Catholic youth centre "Comune Liberazione" to Left-wing extremists. This present wave of violence coinciding with the controversial trial in Catanzaro arising from the Milan bomb attacks of 1968 started in Rome on Saturday night with five separate bombings attributed to Left-wing extremists.

These terrorist acts also follow a week of tension at Rome University following riots after a neo-fascist group shot and wounded a student. In retaliation, Left-wing extremists attacked the Roman headquarters of the Right-wing group "Fronte Della Gioventu".

While students are continuing their siege of Rome University, which has been partially abandoned off by police since last week's riots—the Pope at his weekly "balcony" address in St. Peter's hit out yesterday against what he called a series of crimes that "shamed out civilisation."

The Nine may extend fishing deadline for Soviet trawlers

BY ROBIN REEVES

BRUSSELS, Feb. 7.

FOREIGN MINISTERS of the Nine meeting here to-morrow seem likely to grant the Soviet Government a few days' grace to apply for fishing licences allowing Russian trawlers to operate inside the EEC's new 200-mile limits.

Although the deadline for applications set by the Community last month expires at midnight to-night the signs are that EEC Foreign Ministers at the Common Market Council will wish to avoid an immediate confrontation.

Officials here note that the Russians have moved a long way offering last week to negotiate a fisheries agreement. They believe that Ministers will not want to destroy the opportunity for agreeing an orderly arrangement by immediate action against the large number of Soviet trawlers still in EEC waters.

East Germany and Poland have already applied through the Foreign Office for licences which will limit the fishing effort by Soviet blue countries from the start of next week until March 31. Russia has been offered a maximum of 27 named vessels, with no more than 17 fishing at one time.

EEC heads plan Portugal strategy

By Guy de Jonquieres

BRUSSELS, Feb. 7. AN ATTEMPT to agree a common position to be put before Portugal's Prime Minister, Dr. Mario Soares, when he leaves European capitals over the next six weeks, will be made by Foreign Ministers of the Nine when they meet here to-morrow.

Dr. Soares' visit is designed mainly to sound out EEC governments on strengthening links between Portugal and the Community but, though he is known to be interested in eventual membership of the EEC, it is hoped that he will not press the issue at this stage.

Major Press shake-up

By Diana Smith

LISBON, Feb. 7. SR. MANUEL ALEGRE, Portugal's Secretary of State for Mass Communications, last night that publication of the Lisbon daily O Seculo, a magazine, and a newspaper, would be merged.

This was one of a series of drastic measures announced by the Minister to deal with the task of economic viability Portugal's nationalised media. An Oporto morning paper, the Lisbon evening paper will be returned to private hands, while State-owned publishing firms will be reorganised to put an end what Sr. Alegre described as "excessive staff, indisputable lack of interest, low productivity and waste."

More cracks apparent in French left-wing alliance

BY DAVID CURRY

PARIS, Feb. 7.

THE UNEASY alliance between the Socialists and Communists in France, already under strain because of the difficulty in agreeing upon joint candidates in the larger cities for the local government elections in March, is showing more cracks following remarks by President Giscard d'Estaing that he would finish his seven-year term of office (until 1981) irrespective of the results of the general election due in 15 months' time.

M. Giscard's tacit assumption of the role of defender of the country's institutions provoked M. Gaston Defferre, the ebullient and undiplomatic Mayor of Marseille, into a major attack on the Communists' leadership. M. Defferre's remarks bit all the deeper because he is not the most fraternal member of the brotherhood of the Left—in Marseille he is insisting that Socialists and Communists fight the local elections separately.

EEC study on consumer rights

By Philip Rawstone

LUXEMBOURG, Feb. 7. THE EUROPEAN Commission intends to give a new impetus to its consumer protection programme. Mr. Richard Burke, the Commissioner responsible for consumer affairs, told the European Parliament to-day.

New Swedish N-waste process

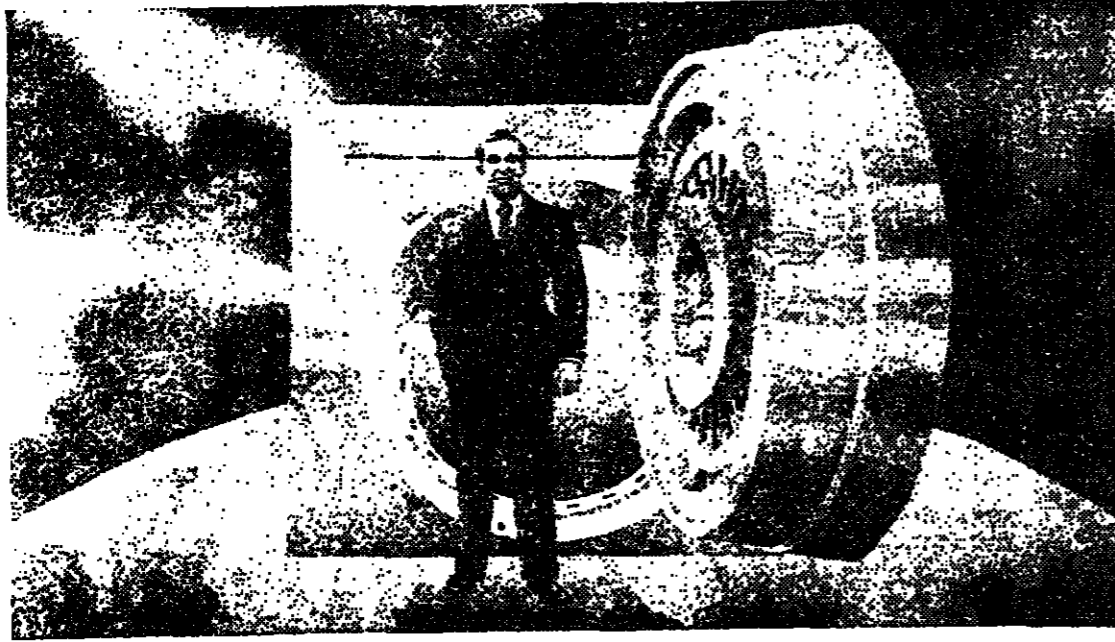
BY DAVID FISLOCK, SCIENCE EDITOR

THE SWEDISH electrical group ASEA claims to have found promising new ways for solidifying highly radioactive nuclear waste from the reprocessing of spent nuclear fuel for its ultimate disposal underground or on the seabed.

The company's big-pressure research laboratory at Robertfors, in northern Sweden, has been using its powerful presses to make a hard, stable material from waste to compact the waste into rock-like solid. This could avoid the use of the very high temperatures required by the glass-making process under development in Britain and elsewhere, for no one would relish the prospect of a spill of radio-active molten glass if something went wrong.

Another process takes highly radioactive liquor remaining at the end of reprocessing cycle—and it being stored in sealed vessels at Windscale—and it by an ion-exchange process. The third approach explored at Robertfors is use of the high-pressure process to crush untreated spent fuel elements into compact ingots.

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Georgia U.S.A.

BATTLE OVER WAGE INDEXATION

Dutch unionists begin pay strike

BY MICHAEL VAN OS

AMSTERDAM, Feb.

A BATTLE by Dutch unionists to maintain full and automatic indexation of their wages to price rises finally boiled over yesterday into a major wave of phased strikes. Indexation was introduced in Holland at the start of the decade but employers, faced with diminished profit margins in a period of recession, want to scrap the automatic increments, to offer some compensation. Because of their stand, negotiations at the end of last year for the 1977 national wage agreement broke down as did subsequent attempts for pacts at sector and company level.

and a district judge in Utrecht ordered a 20-day cooling off period for the industry. Although the judge admitted that wage indexation was not acquired right and could be struck for, he felt the unions had decided too quickly to opt for industrial action, particularly since they and the employers were fairly close together in monetary terms. The employers' organisation for the Dutch ports is debating whether to take similar court action against strikers.

There has also been substantial support from white collar and civil servant unions. The unions believe that the employers are not compromising because of their aversion to the concessions demanded in return for wage constraint such as greater worker participation in industry.

The unions' unusual militancy is also attributable to Government's decision to cut planned growth of public expenditure by 1 per cent. until 1980. The most likely compromise solution to the indexation dispute is for the Government to cut the substantial excess funds amassed last year for social security payments as a basis for compromise between the unions and the employers. But this may satisfy the rank file workers, it will not redress the militancy of their leaders which they dislike so much.

The employers have suggested that the Government itself should take over the indexation commitment but this has been rejected by the unions, who argue that any spare Government funds should be used to stimulate investment and fight unemployment.

Last week a number of dairy companies took their unions to court over the planned strike.

Some of these far-reaching reforms have been adopted by the socialist-dominated coalition cabinet but the Government has not yet intervened directly in the indexation dispute.

The Financial Times published daily in London and elsewhere. U.S. edition published weekly. Second class postage paid at New York, N.Y.

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مكتبات الاصل

AMERICAN NEWS

Airlines to challenge Concorde ban

BRITISH AIRWAYS and Air France have now definitely decided to try to challenge in the courts the New York and Jersey Port Authority's ban on Concorde flights into John F. Kennedy International Airport...

Admiral nominated to head CIA

From Our Own Correspondent WASHINGTON, Feb. 7. MR. JIMMY CARTER, the U.S. President, today nominated Admiral Stansfield Turner...

THE U.S. WITHDRAWAL FROM KOREA Making haste slowly

AMERICAN ground troops in South Korea will be shipped home: so much is clear from statements on and off the record by high U.S. Administration officials...

U.S. vetoes arms sale by Israel

High O'Shaughnessy decision of the U.S. State Department to veto the sale of the Israeli jet fighter F-4E to Ecuador...

Andrus favours limits on oil companies' investment

Mr. Cecil Andrus thus became the first senior member of the new administration to support the "horizontal divestiture" principle under which major oil companies would have to divest themselves of their non-oil interests...

Industrial gas supplies restored

SUPPLIES of natural gas were restored over the week-end to many plants in Indiana, New Jersey and New York which had been shut down for the previous 10 days as a result of the abnormal cold weather...

Steel union leadership battle

WASHINGTON, Feb. 7. THE UNITED STEEL Workers' Union's 1.4m. members will vote tomorrow to choose a new President in succession to Mr. I. W. Abel, who is retiring...

NEW YORK, Feb. 7. AN AGREEMENT is expected this month on rescheduling a significant portion of the debts which North Korea defaulted on in 1975...

Even Vice-President Walter Mondale, in his talks with the Japanese Prime Minister, Mr. Takeo Fukuda, in Tokyo last week, dwelt only briefly on the subject. Foreign Ministry officials in Tokyo say the discussion barely constituted a prelude to the promised consultations which Mr. Mondale stressed would take place before any timetable for withdrawing the troops was announced...

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COMPANY NOTICE CAISSE NATIONALE DES TELECOMMUNICATIONS 1971/1977/1986 8% LOAN OF US\$ 20 MILLION

Steel union leadership battle By Jurek Martin WASHINGTON, Feb. 7. THE UNITED STEEL Workers' Union's 1.4m. members will vote tomorrow to choose a new President in succession to Mr. I. W. Abel, who is retiring.

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OVERSEAS NEWS

Saudis and UAE stand by their low oil price rises

BY RAY DAFFER, ENERGY CORRESPONDENT

SAUDI ARABIA and the United Arab Emirates (UAE) were standing by their decision to hold their crude oil price rises to less than 5 per cent. The two oil producers, which have gone against the price increases of the rest of the Organisation of Petroleum-Exporting Countries (OPEC), have rejected a formula to be used to raise oil prices to the rest of the world.

Gandhi releases old adversary

BY DAVID HOUSEGO

NEW DELHI, Feb. 7. AN UNEXPECTED gesture, the Indian Government today released from jail the former Prime Minister Indira Gandhi's old adversary, Rajiv Gandhi, who was arrested in 1975 for his role in the Emergency.

WORLD TRADE NEWS

British newsprint users win fight for price cuts

BY MAX WILKINSON, INDUSTRIAL STAFF

BRITISH NEWSPAPERS appear to have won their fight to achieve a reduction in the price of imported newsprint.

W. German concern at Soviet bloc debt growth

By Adrian Dick

INTEREST PAYMENTS on Soviet bloc foreign debt are expected to rise to 15-20 per cent of the Soviet Union's currency earnings in 1978, West German officials have said.

Weir Group wins £50m. Dubai desalination order

BY OUR OWN CORRESPONDENT

GLASGOW, Feb. 7

THE WEIR GROUP OF Glasgow has secured a £50m. order for a desalination plant, part of an aluminium smelter and power station complex being built in Dubai by British Smelter Constructors.

Philippines to buy Norway ships

BY FAY GJESTER

OSLO, Feb. 7

THE PHILIPPINES are to order four to six dry-cargo ships worth about £12.5m. from Norwegian yards as well as Norwegian-made ship equipment worth some Kr50m.

Table with columns: Country, Grade, December 1976, January 1977, Increase %

S. African gold plea rebuffed

By John Stewart

CAPE TOWN, Feb. 7. REPRESENTATIONS by the gold producers' committee of the South African Chamber of Mines to the South African Reserve Bank for back payment, in consideration of gold retentions by the central bank at a time when the free market price of gold was in excess of the official price (from 1972 until the present), have been rejected by the South African Government.

Killers of Rhodesia missionaries hunted

BY OUR OWN CORRESPONDENT SALISBURY, Feb. 7

RHODESIAN security forces were today carrying out a massive hunt for the killers of the missionaries at St. Paul's mission at Musami, 35 miles north-east of Salisbury.

Allon sees no UN peace role

TEL AVIV, Feb. 7

ISRAELI Foreign Minister Yigal Allon said today that he saw no role for the United Nations in the Middle East peace negotiations.

Dutch Volvo in finance talks

By Michael Van Os

AMSTERDAM, Feb. 7. VOLVO CAR, the former Dutch Daf car manufacturer, has opened talks with its major shareholder, the State-owned DSM chemical group, which has a 25 per cent. shareholding, to negotiate further finance.

Ford plan for diesel car

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD OF Europe is planning to launch another contender in the growing European market for diesel cars with a version of its Granada model at the end of the year.

China's shivering masses

BY A SPECIAL CORRESPONDENT PEKING, Feb. 7

WITH AMERICA in the grip of its bitterest winter in years, President Carter has appealed to Americans to turn down their heating to 18 deg. C by day and 13 deg. C at night. In China, the population have no choice.

Omani \$8bn. development

NICOSIA, Feb. 7

OMAN plans to spend 2,790m. (\$8.0bn.) on development projects under a new five-year plan, the Middle East Economic Survey, reported today.

Bearings move implies unfair trading

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE JAPANESE bearings industry has been following pricing policies aimed at "ruining and displacing competitors in world markets."



HOME NEWS

Poor receive less than a third of State benefits

By Christian Tyler, Labour Staff

ABOUT £2.1bn. a year of the State in benefits goes to the pre-transfer or those below the poverty line...

Spirits clearances leap 68 per cent.

FINANCIAL TIMES REPORTER

A RUSH to buy spirits in the month before the mini-budget is dramatically illustrated in the latest Customs and Excise statistics...

Retail sales pegged by squeeze on pay

By Peter Riddell, Economics Correspondent

OTHER EVIDENCE of the squeeze on consumer spending is provided yesterday by retail sales figures which showed little change in recent months...

Table with 5 columns: New-credit extended by Finance Houses, Retailers, Total debt outstanding, Retail volume (revised), Durable goods shops. Rows show monthly and quarterly data.

Maplin airport is urged for charter operators

Michael Donne, Aerospace Correspondent

CONSTRUCTION of a small new airport for charter operators on the land at Maplin, off the east coast, is urged by the Row Association...

Leyland seeks State aid for £80m. foundry plan

By Arthur Smith, Midlands Correspondent

BRITISH LEYLAND is seeking financial aid from the Government to modernise out-dated foundry capacity...

Maple to be responsible for production matters

LEYLAND CARS last night announced a new appointment designed to strengthen its manufacturing operations...

Computer company links with Japanese

By Christopher Lorenz, Electronics Correspondent

BRITAIN'S LEADING computer peripherals specialist, Data Recording Instrument, is extending its product range in collaboration with a Japanese-owned company...

West End theatres register ticket sales agreements

By Elinor Goodman, Consumer Affairs Correspondent

WEST END theatres have registered their exclusive dealing agreements with the Office of Fair Trading...

Royal Ascot applications

ASCOT'S Royal Meeting will take place on June 14, 15, 16 and 17. Applications for admission to the Royal Enclosure should be made to Her Majesty's Representative, Ascot Office, St. James's Palace, London SW1 before the end of April.



Why do so many dream office blocks turn into nightmares?

Increased energy costs. That's the reason so many environmental dreams have turned into hair-raising problems for their owners...

by the Electricity Supply Industry in its own buildings. They've tested some interesting new techniques in building design and energy use...

PLANELECTRIC

The Electricity Council England and Wales

HOME NEWS

Tarling quits as Polymer director

MR RICHARD TARLING, who was found to have a case to answer on charges in extradition proceedings by the Singapore Government...

Habeas corpus

In July, 1974, Mr. Tarling, shortly after leaving the Slater Walker Board, became a director of Allied Polymer...

BP makes new gas find in southern North Sea

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM has made an encouraging gas find in the southern sector of the North Sea, near the West Sole Field.



the corporation at market price oil at a comparable quality and quantity bought under the participation arrangements.

ICI has also agreed to transfer a portion of its voting rights to the corporation, although this deal may be overridden by a collective agreement on participation votes among all the Ninian Field partners.

Deal expected

Licencees in Block 3/3 which covers part of Ninian are: Chevron (24 per cent.), BNO (10 per cent.), Murphy Petroleum (10 per cent.), and Ocean Exploration (10 per cent.).

Participation agreements have already been made with Gulf, Conoco, Tricent and Ranger while outline agreements have been concluded with BP, Shell, Esso, Chevron, Deminor, Texaco, Mobil, Texas Eastern, Amerasia, Hess, ICI, Occidental Group, Union North Sea Group and Santa Fe.

Enterprise Board rescues Keland

By Max Wilkinson, Industrial Staff

A SMALL transformer company in the North East which recently went into liquidation has been rescued by the National Enterprise Board.

The Board has supplied £100,000 capital as equity and £50,000 as an unsecured loan to Keland Electric, formerly Keland.

The company, which exports a fifth of its output and supplies the Post Office, has been consistently profit making. However, it was forced into liquidation by the insolvency of its parent company, Motor Rail.

Expansion

The bulk of Motor Rail's business was in fork lift truck attachments and handling equipment for specialised trades and formerly narrow gauge locomotives, mainly for mines.

Dealings in Motor Rail shares were suspended in August last year, and a receiver was appointed. The company had been in financial difficulties for some time before that.

The National Enterprise Board said: "Apart from preserving an essentially sound company, the National Enterprise Board and the management of Keland Electric can see significant prospects for expansion."

The Board hopes to build up the company to provide more jobs in the North East.

The new chairman of the company will be Mr. Gerald Connolly, northern regional director of the National Enterprise Board.

Proposals to ease congestions in courts

By A. H. Hermann

DEFENDANTS APPEARING before magistrates should be served beforehand with a prosecution statement setting out the evidence, according to the Society of Conservative Lawyers.

The committee suggests in a report on procedure in magistrates courts several measures to improve the defendant's position and reduce the long waiting caused by the present congestion and listing practices. It claims that its recommendations could be adopted without undue administrative difficulties.

The committee comments on the James Report, which accepted in principle the desirability of the defendant being given full information, but suggested an experimental period during which the serving of statements by prosecutors would be limited to more serious offences.

Interim Report of the Research Subcommittee of the Society of Conservative Lawyers on Procedure in Magistrates Courts, 5, New Square, Lincoln's Inn, London, W.C.2.

Dates set for grants to industry

THE INDUSTRY Department has introduced a new order establishing the dates by which companies will have to apply if they are to gain investment grants for incurred expenditure.

The investment grant system was ended six years ago in favour of regional and selective aid. But grants are still payable for capital expenditure authorised before then but not incurred until more recently.

In the last financial year, nearly £71m was paid, mostly for ships, and the level, while declining, is still expected to be substantial this financial year.

The latest order, the Investment Grants Termination (No. 7) Order 1977, sets a general limit of 18 months for applications after the three-month period in which expenditure was incurred. Expenditure made between April and June, for example, will be considered for a grant only if the application is made by next January 1.

Uranium test

ORKNEY will consider today an application from the South of Scotland Electricity Board for permission to sink 11 test borings for uranium on the west side of Orkney.

It's a Knockout man given new BBC post

FINANCIAL TIMES REPORTER

MR. ROBIN SCOTT, controller of development at BBC Television, is to take up the new post of deputy managing director there from April 1, when Mr. Alasdair Milne, director of programmes, becomes managing director.



MR. CHARLES A. BANE (right), a Chicago lawyer, discusses plans to save the Temple Bar with one of the British trustees of the project, Sir Edward Singleton. Temple Bar, designed by Sir Christopher Wren, guarded the entrance to the City of London at the Strand until 1878.

Friedman 'is living in 19th century' says Harold Lever

BY IAN HARGREAVES, INDUSTRIAL STAFF

MILTON FRIEDMAN, U.S. Nobel prize-winning economist, was told last night by Mr. Harold Lever, chief economic adviser to the Government, that his views on Britain belonged to the 19th century.

Mr. Lever, interviewed on Thames Television, said he found Professor Friedman's "manic depressive hyperbole" about the imminent collapse of Britain "extraordinary".

He began his spirited onslaught on the American author by saying that he was a "charming and brilliant man" in both private conversation and in his serious economic work, but in the field of popular economic history, which he had entered somewhat innocently and without proper qualifications, he was doing injury to his reputation.

If sterling had not staged a recovery from its beleaguered economic position at the end of last year, there would have been severe difficulties, but collapse had never been in prospect. Milton Friedman's views were so typical of the 19th century, it had to be concluded that the

professor was living in the last century. Turning to the recommendations of the Bullock Report on industrial democracy, Mr. Lever said that a solution based on coercion was "worthless".

He had an open mind on the report's content, but he thought that agreement would be reached by the Government, the unions and employers.

Museum plans new exhibits

THE GEOPHYSICS and oceanography gallery at the Science Museum in London will open to-morrow week. The former geophysics gallery has been expanded to allow the oceanography collection to be exhibited for the first time since the war.

The nucleus of the collection is apparatus used on 19th century expeditions. Models of the laboratories and decks of HMS Challenger have been built to show how equipment was used at sea.

Education and industry need closer links, Williams told

BY JAMES McDONALD

THE POOR IMAGE of industry presented to many school children is one of several problems identified by Lord Porchester, chairman of the South-East Economic Planning Council, in a letter to Mrs. Shirley Williams, the Education Secretary.

Others include the poor preparation for industrial work given by some schools and the low level of attainment of some school leavers, particularly in basic literacy and numeracy.

The letter comes after a series of meetings of educationalists and industrialists throughout the South-East.

Lord Porchester says the council is concerned about the relationship between education and industry in the region. He suggests that, to improve liaison between the two, both employers and union members should visit schools regularly to explain opportunities in industry.

Teachers should also visit industry to gain a greater understanding of its possibilities. At a broader level there should be more representatives from both sides of industry on the Schools Council and on governing bodies of individual schools.

Another suggestion is local committees to bring together local authority education officers and representatives of industry. However, the letter goes further, proposing that industrialists should have some influence in

the development of curricula and the examination system "in order to put more emphasis on vocational training and on giving children some work experience in their final years."

School courses in industrial relations are also suggested. Lord Porchester says careers masters should be "professional, preferably full-time, with first-hand knowledge of industry and the opportunities it offers. Such staff might well be recruited or seconded from industry."

School leavers had to be given greater motivation to enter industry. "The status of jobs in industry must be raised differentials re-established to encourage young entrants to for more skilled employment."

Job opportunities widened by obtaining placements for the employment of young people in all industrial fields. More emphasis should be placed on training the existing schemes should be extended and the Careers Service expanded. Pressure to enter business and industry courses should be resisted.

City of London - Annual Review

The City knights absent from Wilson's table say what they think the Committee should consider during the next two years as does the missing left-wing economist, Roger Opie, and a missing liberal economist, Victor Morgan and Brian Griffiths in their 60-page survey of the City of London is devoted entirely to issues raised by the appointment of the Wilson Committee.

World money

Paul Barou asks: Why has the IMF let itself be raped with a struggle?

Report from Paris ...

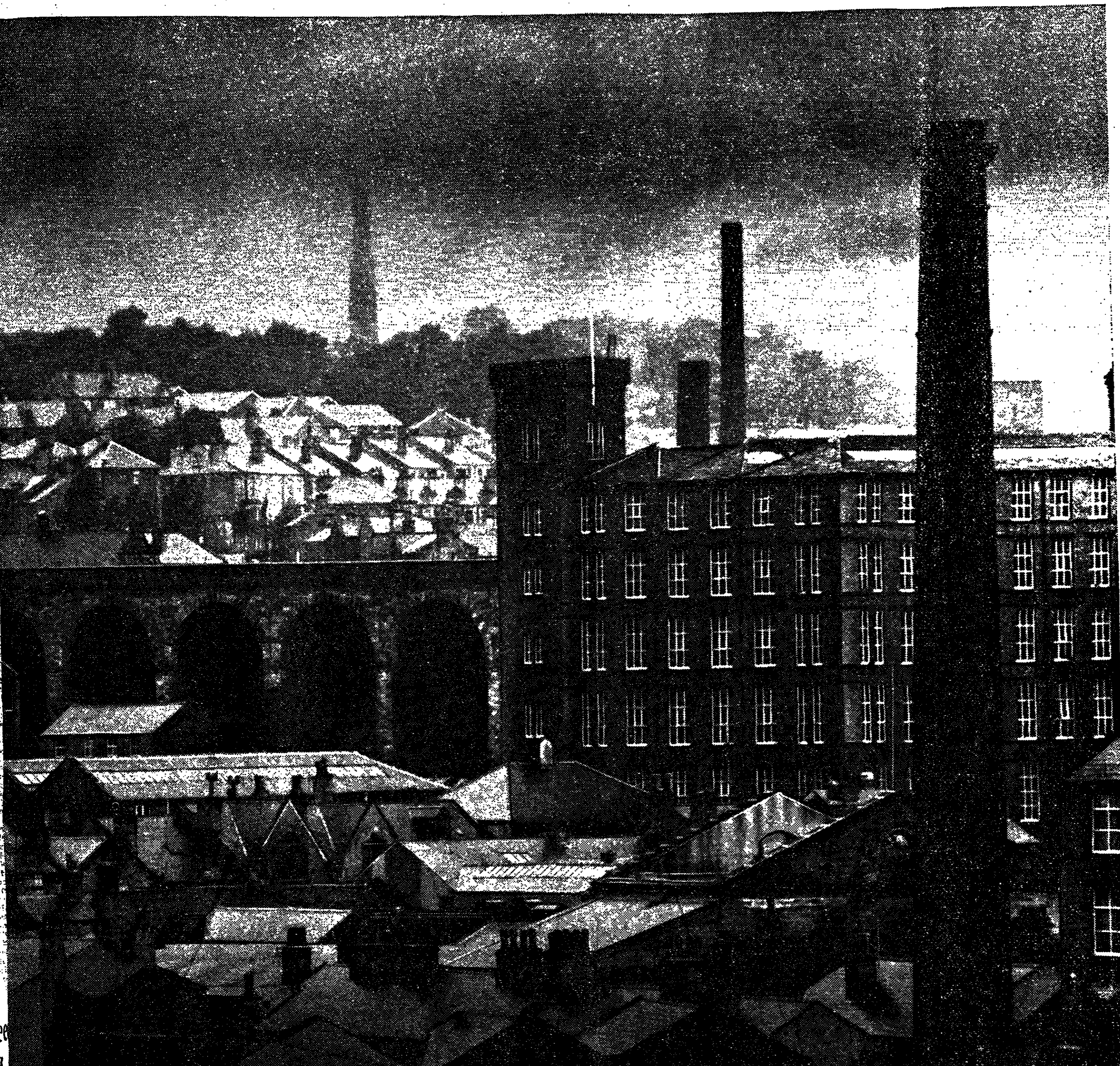
Premier Raymond Barre has played his cards well, but will his boss, M. Giscard d'Estaing, let him finish the job? The economy could once again pleasantly surprise everybody, and the bank are moving so fast internationally they are almost bound to trip up.

THE BANKER Can be ordered through bookstalls price £1.00 or direct from Bracken House, Cannon Street, EC4A 4BY Price £1.30 FEBRUARY ISSUE ON SALE NOW

Bankers Trust Company MEMBER OF BANKERS TRUST NEW YORK CORPORATION CONSOLIDATED STATEMENT OF CONDITION, DECEMBER 31, 1976 ASSETS Cash and due from banks \$ 2,669,547,000 Money market investments Interest-bearing deposits with banks 4,332,879,000 Other investments, including federal funds sold 384,073,000 Trading account securities, net 300,063,000 Investment securities U.S. Treasury 450,724,000 U.S. government agencies and corporations 101,921,000 States and political subdivisions 434,116,000 Other 149,138,000 Loans, less reserve for possible loan losses of \$84,584,000 10,504,847,000 Customers' acceptance liability 684,689,000 Accrued income receivable 168,239,000 Premises and equipment, net 110,556,000 Real estate held for sale 116,094,000 Other assets 769,511,000 Total assets \$21,174,901,000 LIABILITIES Deposits Demand \$ 5,928,679,000 Time 3,087,463,000 Foreign offices 8,086,720,000 Total deposits 17,086,862,000 Funds borrowed 1,739,823,000 Acceptances outstanding 688,088,000 Accrued expenses and taxes 120,027,000 Other liabilities 652,672,000 Long-term debentures and capital notes 13,861,000 Total liabilities \$20,295,333,000 STOCKHOLDER'S EQUITY Common stock, \$10 par value Authorized, issued and outstanding: 10,000,000 shares \$ 100,000,000 Capital surplus 498,191,000 Undivided profits 211,377,000 Total stockholder's equity 809,568,000 Total liabilities and stockholder's equity \$21,174,901,000 DIRECTORS JAMES E. GIBBONS President, Sackman-Gilliland Corporation ALFRED BRITAIN III Chairman of the Board JOHN W. HANNON, JR. President LEE S. BICKMORE Chairman of the Executive Committee, Nabisco, Inc. HOWARD W. BLAUVELT Chairman of the Board and Chief Executive Officer, Continental Oil Company JOHN W. BROOKS Chairman and Chief Executive Officer, Celanese Corporation JOSEPH F. CULLMAN, 3rd Chairman of the Board, Philip Morris Incorporated WILLIAM M. ELLINGHAUS Vice Chairman, American Telephone and Telegraph Company RICHARD L. GELS Chairman of the Board and Chief Executive Officer, Bristol-Myers Company JAMES E. GIBBONS President, Sackman-Gilliland Corporation PAUL A. GORMAN Director and former Chairman of the Board, International Paper Company VERNON E. JORDAN, JR. Executive Director, National Urban League, Inc. RICHARD A. LENON President and Chief Executive Officer, International Minerals & Chemical Corporation JACQUES G. MAISONROUGE Chairman of the Board, IBM World Trade Europe/Middle East/Africa Corporation PLATO MALOZEMOFF Chairman of the Board, Newmont Mining Corporation WALTER A. MARTING Chairman of the Executive Committee, The Hanna Mining Company WILLIAM F. MAY Chairman and Chief Executive Officer, American Can Company DONALD F. McCULLOUGH Chairman of the Board and Chief Executive Officer, Collins & Aikman Corporation WILLIAM H. MOORE Former Chairman of the Board, Bankers Trust Company and Bankers Trust New York Corporation CALVIN H. PLIMPTON, M.D. President, Downstate Medical Center, State University of New York FRANCIS C. ROONEY, JR. President and Chief Executive Officer, Melville Corporation WILLIAM P. TAVOULAREAS Director, President and Vice Chairman of the Executive Committee, Mobil Corporation WALTER N. THAYER Partner, Whittom Investment Company and President, Whitney Communications Corporation MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

مكتبة الامم المتحدة





# There's no doubt about it, the industrial revolution made this country what it is today.

It's surprising, but it's true. In a time when we desperately need new investment, over 50% of British industry still lives and works under virtually the same conditions as the Victorians did.

Redevelopment will solve some of the problems. But it won't solve them all. It takes more than a bulldozer to create a new city.

It takes a new philosophy. At Milton Keynes, we have a new philosophy.

It is, quite simply this: that the city we create will, above all, respond to the needs of the people who live in it. So that it will not only be a better place to work—but a better place to be. Quite naturally at this stage, there's still as much of Milton Keynes on the drawing board, as there is on the sky-line.

Yet, in the six years since building

began, we've come a long way towards turning our philosophy into a reality.

You'll find Milton Keynes in the heart of the Buckinghamshire countryside. But the communications are far from rural.

There's direct access to the M1. And both London and Birmingham are little more than an hour away.

Already there are more than 12,000 new homes, and over 120 new factories, plants and offices.

To date, 120 firms of various sizes have moved in and set up business. And that includes big names like Rank Xerox, BOC, Bejam, Tesco, Telephone Rentals, Hoechst U.K. and Coca-Cola.

Since 1970 the population of Milton Keynes has almost doubled. From 40,000 to well over the 70,000 mark.

Why so many new arrivals?

17,000 new jobs is one reason. But it's certainly not the only reason.

The fact is, Milton Keynes offers people more of what they want.

There's more countryside for a start. (Did you know we've planted 1.2 million trees and shrubs in the last 6 years?)

There are more new schools to choose from. 31 completed at the last count.

There are more villages in Milton Keynes. Yes, villages. 13 of them in all, with church, corner shop and local pub.

There are already a multitude of sports and leisure facilities too. And more to come, in the new city centre development.

Right now we're putting together the biggest under-cover shopping area in Britain.

In the heart of Milton Keynes. Complete, the centre will include

every shop imaginable, from Woolworth and John Lewis right down to the local greengrocers and hardware stores.

There'll also be cafes, restaurants, pubs, cinemas and a superb new entertainments complex, all under the same roof.

Building what people need, not what we think they need, is not only part of the Milton Keynes philosophy: it's basically common sense.

After all, people work best in the best possible environment.

We're not saying Milton Keynes is the answer to everyone's problem.

But at a time when there seems little opportunity to create a better tomorrow, at least it's a start.

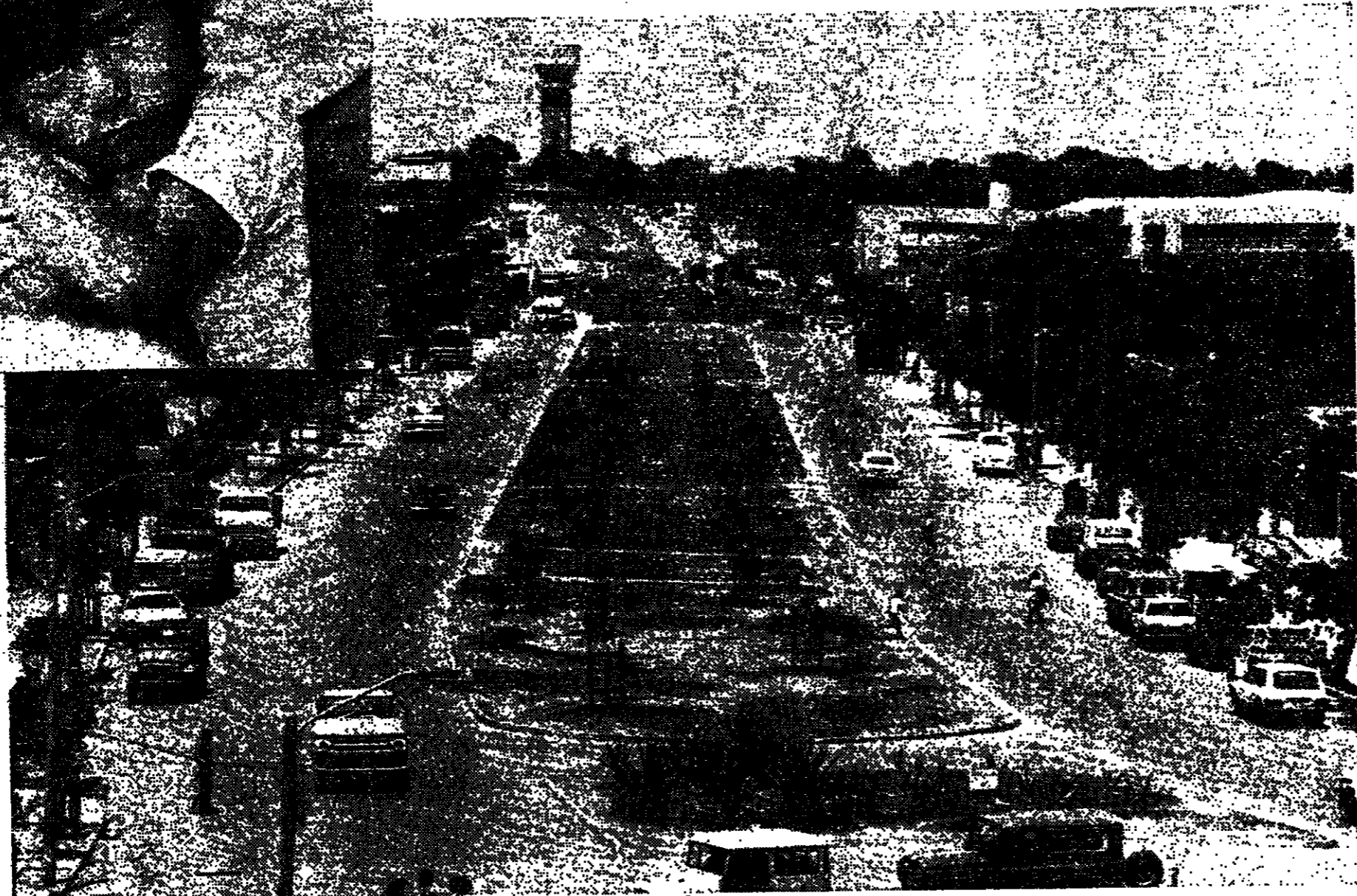
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IF YOU WOULD LIKE MORE INFORMATION ON MILTON KEYNES AND WHAT IT CAN OFFER, PLEASE WRITE TO: THE DIRECTOR OF COMMERCE, MILTON KEYNES DEVELOPMENT CORPORATION, WINDMILL TOWER, MILTON KEYNES MK17 9LX, TEL: 0938 74000.

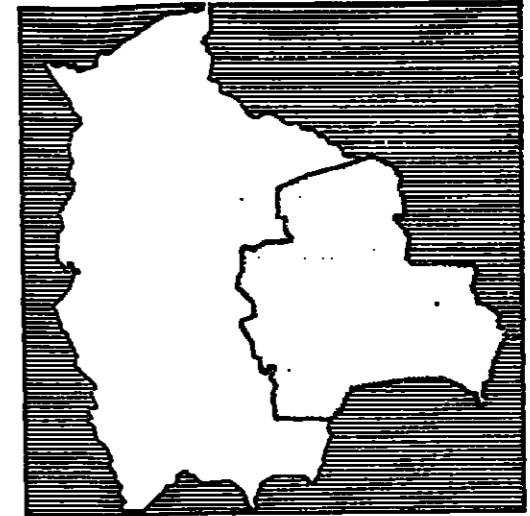


THERE IS A YOUNG PEOPLE FOR WHOM

# we started building a city



## SANTA CRUZ



Santa Cruz is the largest Bolivian Department with enormous savannas suitable for extensive agriculture and cattle raising.

It is also rich in oil and natural gas fields whose production has made Bolivia an exporter of these energy sources. Only a very small part of the territory has been explored. A steel mill complex (MUTUN) is to be built on the south-east corner near the iron and manganese deposits which are estimated at 40,000 million tons—the largest known in the world.

The Comité de Obras Públicas developed in Santa Cruz's capital the first urban plan and industrial park in the country. Here will be concentrated large and medium-size regional industries with all the necessary services to reduce operational costs.

It's been necessary to work fast and hard to create the whole urban plan and infrastructure for a city which grew from 42,746 inhabitants in 1950, to 81,862 in 1960, to 255,568 in 1976. We estimate reaching 835,306 inhabitants by the year 2000 in Santa Cruz.

# now we organize a prosperous region

## THE C.O.P. FACING REGIONAL DEVELOPMENT

The Comité Departamental de Obras Públicas de Santa Cruz (Public Works Committee) is one of the principal protagonists of this process of change.

Its own institutional transformation as an autonomous organisation for regional development, testifies to its adaptation to changing circumstances and its capacity to perform a leading role in economic planning.

Having an average income of 20 million dollars per year from oil royalties and other internal taxes, the Comité built the urban infrastructure and sanitation system of Santa Cruz's capital and provinces.

In a second phase the Comité went on to identify essential productive projects in rural and urban areas. With its investment programme it aims to facilitate basic regional industrialization and activate deprived areas with new communication routes and other essential services. To do this the Comité intends to form mixed societies with local and foreign private investments.

This institution has recently created a regional economic planning Office. Its starting point was elaborating a series of area diagnoses of the economy, then followed by a strategy for the development of Santa Cruz during a 10-year period. Recently it has concluded a five-year investment plan (1976-80) with special emphasis on strategic industries and services to induce economic take-off.

The budget of the Comité de Obras Públicas went up from 6 million dollars in 1973 to 30 million in 1976. The needs, however, are greater than the available resources and the Comité has received foreign financial assistance to complete these projects.

Its technical expertise and economic capacity has opened channels of finance in several well-known international creditors: Interamerican Development Bank (IDB), Corporación Andina de Fomento (CAF), Bank of America, etc.

## HOW DID IT HAPPEN IN 10 YEARS

Santa Cruz de la Sierra is the major city of the subtropical plains of Bolivia.

With a population in excess of a quarter million, it is surrounded by one of the most fertile areas in the world. Besides its attraction of new capital and human resources, the dynamic growth of the Santa Cruz region is based on the following:

abundance of oil and natural gas fields now in production and exportation, expansion and mechanization of farming and cattle raising,

development of export-oriented agroindustries supported by an efficient financial structure, opening of new areas to colonization and farming near expanding central markets,

construction of road and railroad networks as well as international airports to facilitate trade with the whole world and

organization of an institutional framework to direct development with clear objectives, technical expertise and economic solvency.

The Gross Regional Product of Santa Cruz grew at a rate of 7.8% during the period 1971-76, while the Gross National Product reached an annual growth rate of 5.7%. The regional per capita income is about 70% higher than the national.

The sustained increase in economic growth indicates continued favourable prospects of success in our development goals.

## MAIN REGIONAL INVESTMENT PROJECTS

1976 - 80

		Capacity	Investment US\$ million
Fábrica de Cemento	Cement Factory	35,000 tons per year	60
Hilandería de Algodón	Cotton Mill	1,000 kg. per hour	31.2
Fábrica de Envases de Hojalata	Can-Making Plant	13 million cans/year	3.0
Fábrica de Papel	Paper Mill	45,000 tons per year	45.0
Fábrica de Alimentos Balanceados	Food Mill	4 tons per hour	1.0
Fábrica de Queso	Cheese Factory	1,500 litres per hour	0.7
Aleantarrillado de Santa Cruz	Sewage system—Santa Cruz		40.0
Parque Industrial	Industrial Park of Santa Cruz		12.0
Complejo Mauticero	Corn mill and silos 76 tons per day		2.7

### PROJECTS WITH NATIONAL IMPACT

South-east development pole in "El Mutun" based on a steel mill complex using natural gas from Santa Cruz as source of energy.

An estimated 40,000 millions tons of iron and manganese reserves.

Hydroelectric and irrigation project of 1 million acres in RIO GRANDE-ROSITAS. Includes colonization and road construction programmes.

VIRU-VIRU International airport for interoceanic flights.

# our goal is bolivia's development

## COMITE DE OBRAS PUBLICAS SANTA CRUZ DE LA SIERRA - BOLIVIA

P.O. Box No. 218 Telex 5667 COOPP BX - CALLE WARNES ESQ. LA PAZ, SANTA CRUZ, BOLIVIA.





# The Management Page

EDITED BY JOHN ELLIOTT

## BULLOCK REPORT

### The majority view

BY CLIVE JENKINS

IT IS OBVIOUS that the powers of great companies have been used to a very large extent to a very large extent to a very large extent...

It is obvious (and I have been told so quite directly by three large and disparate companies) that our largest companies in manufacturing, commerce and finance have been anticipating this for some time and are preparing contingency plans...

The personal and family influences even in a company as large as GEC are clear and distinct; the Rank family interests can also be identified... differences in boardroom views to result not from divisions in policy but from takeover-bids or individual attitudes...

The top hostile directors who control our major companies (and I put them at no more than 4,000 strong) are now, oddly enough, claiming to be defending the interests of the so-called middle manager...

### Middle manager

These admittedly approximate figures, derive from existing boundaries in bargaining units in both private and public concerns. It is, by the way, frequently overlooked by those who assert a right to speak for the middle manager that almost all those in the public sector are already in trade unions, and that there are more middle managers in the private sector who belong to unions than pay subscriptions to all the bodies now claiming to speak for them...

Every member of the Bullock Committee (bar one) at one stage of our work seemed to agree that a separate organisation and channel of communication should not be set up for non-unionists because it would be in friction with that of existing union structures established for collective bargaining purposes...



Mr. Clive Jenkins is general secretary of the Association of Scientific, Technical and Managerial Staffs which, with 374,000 members, is the seventh largest union in the TUC...

The Joint Representation Committee proposed in the majority report would be the forum for arguing this out and one can envisage a situation where there might be constituencies catering for groups such as craftsmen, semi-skilled and non-skilled workers, and those employed in services, clerical, technical and supervisory-manual areas...

This raises the problem of how the representatives would stay in touch with their members and this relates to arguments about the infrastructure that support forward so negatively by employers who had not spent a minute considering detailed participation arrangements...

## ORC SURVEY

### Pressure on managers' efficiency and morale

BY NICHOLAS LESLIE

ECONOMIC AND social changes in the past few years are having the effect that a significant number of managers now refuse to accept jobs which would mean their moving home, even if they are offered substantial salary increases...

This emerges from a survey published yesterday which says that nearly one-fifth of company managers aged between 35 and 44, if offered a £5,000 a year pre-tax salary rise to take up a different post in another part of the country...

The survey, into management motivation, was carried out by Opinion Research Centre (ORC), part of the Louis Harris International Group. It reveals that managers feel they are being treated unfairly by the Government and that the value of their role is not appreciated...

### Differentials

"High taxation, narrowing differentials, wage freeze and inflation have combined to demotivate and undermine the enthusiasm of all grades of managers, from company chairmen to foremen and supervisors," declares the survey...

Turning to the future of the unions themselves, the majority report has ruled out the idea that full-time officials should sit as employees representatives and argued that the claim for seats on the Board rests upon the investment of workers' time and energy and the seats must be theirs...

ORC maintains that while nearly 100,000 managers—about 8 per cent of the total—have drawn up in the past, no previous attempt has been made to give a quantified picture, abroad, while 6 per cent reckon principally because of the cost they are likely to look seriously sensible.

Learn a language fast face-to-face with a national BERTIZ TOTAL IMMERSION. The fastest way to learn a language - 7 to 6 weeks intensive individual study with native teachers...

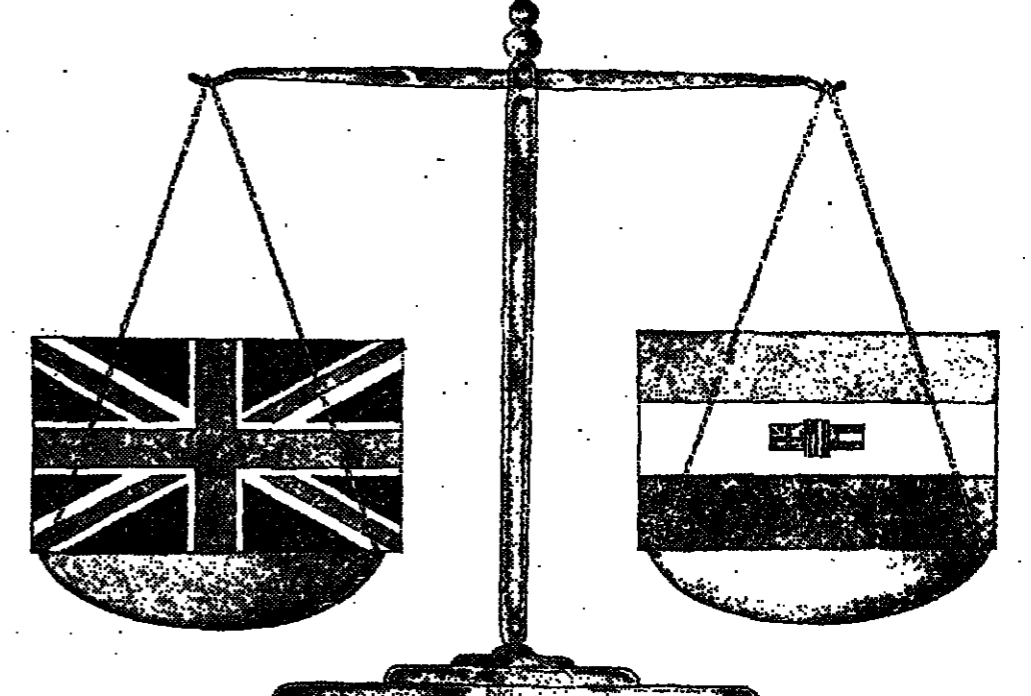
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Stanmore Video Services SONIC SOUND AUDIO. Hire, Lease or Buy. Video Recorders, Video Cameras, Video Projectors. Hi-Fi & Top Quality Audio Equipment.

## IS YOUR COMPANY SMALL ENOUGH TO HAVE IT'S OWN COMPUTER?

Until now only the bigger companies have been able to benefit from using computers. Let alone afford them. But that is no longer true. The same technology that made the ES pocket calculator possible has now been applied to computers...

Find out what mini-computers could do for your company. We've prepared a special tape cassette that explains in easy-to-understand language... Please let me have your cassette 'What mini-computers can do for the smaller company' together with full details of Cincinnati Milacron Systems.



If your business is seeking new growth opportunities, weigh up the underlying strength of South Africa's economy.

## South Africa '77. Blueprint for even greater economic stability.

In 1977, many of the world's major industrial and financial groups continue to express their confidence in South Africa's future. Not just with words, but with investments that increase the stability of the economy day by day...

- 1 A vast new deepwater port - financed by an international consortium - has been opened at Richards Bay... 2 A second gigantic port complex is now in operation at Saldanha... 3 During the past 15 years, the number of factories established in South Africa rose from about 10,000 to 15,000 approximately...



THE FINANCIAL TIMES

Incorporating THE FINANCIAL NEWS

Head Office Editorial & Advertisement Offices: BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

TUESDAY, FEBRUARY 8, 1977

An upsurge in costs

OF THE TWO main ingredients in industry's costs, labour and materials, the first has responded reasonably well so far to the Government's treatment...

Commodities

Three-quarters of the increase in the index for January was due to oil, but in the next few months other commodities may be making the running...

Austerity

What is clear is that the increase in U.K. industrial costs is running at a level which is more than twice the average of the industrial world as a whole...

The pressures from Japan's exports

THE EUROPEAN Commission's decision to impose a three-month anti-dumping duty on imports of Japanese ball and roller bearings may be seen in Tokyo as symptomatic of a new determination on the part of the European authorities...

Until now, the main reaction of the European governments to this domestic pressure has been to argue forcibly with the Japanese that they should do something to restrain their exports...

Malpractices

In the other areas of dispute between Europe and Japan, such as shipbuilding, steel and cars, the problem is essentially political rather than legal...

Mrs. Gandhi finds herself in trouble

BY DAVID HOUSEGO in New Delhi

MRS. INDIRA GANDHI is the farming community in western Uttar Pradesh. Much of the appeal of such parties is to all that is most backward and prejudice-ridden in Indian society...

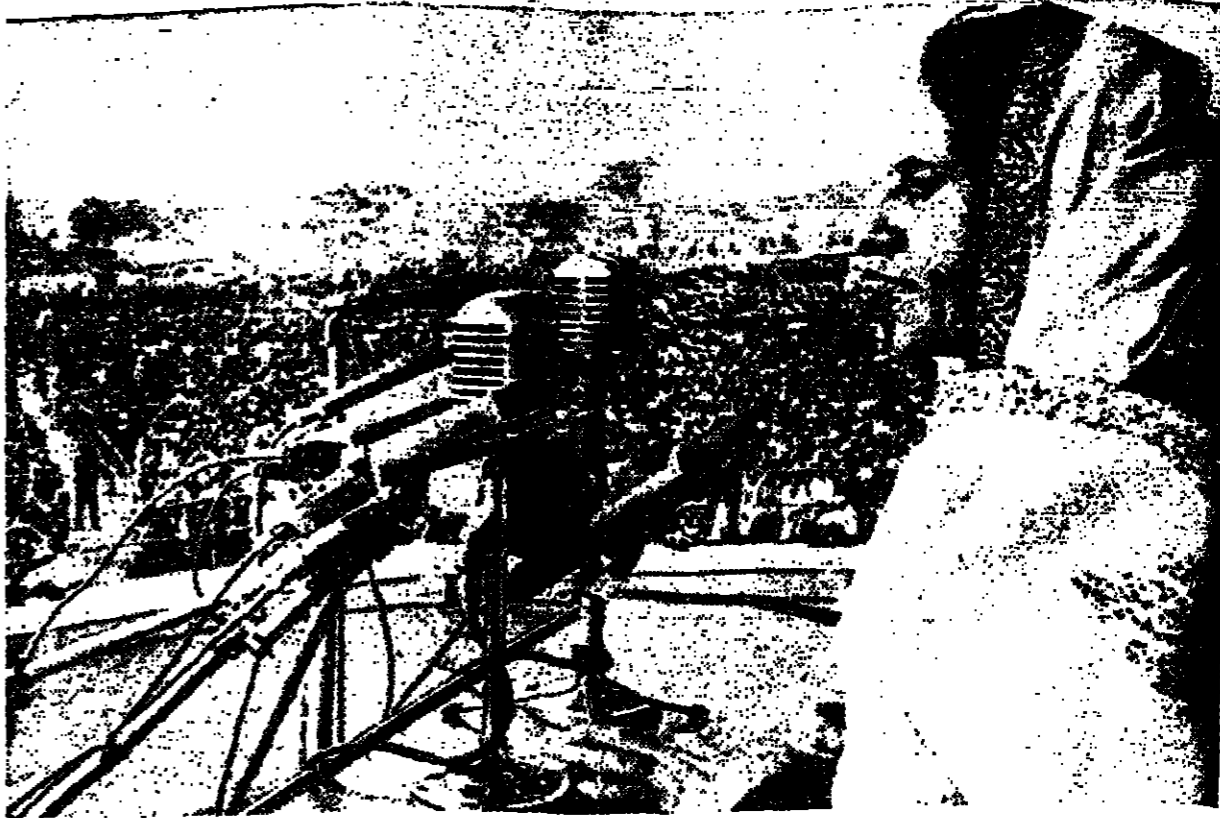
The second major blow to Mrs. Gandhi was the resignation of Mr. Jagjivan Ram, aged 89, the Agriculture Minister who would probably have been Prime Minister if Mrs. Gandhi had stepped down instead...

Two major blows have caught her unprepared. The opposition groups which over the past 20 years have bickered amongst themselves to the advantage of Congress suddenly closed ranks on the common platform of getting her out of office...

Lost touch with rank and file

The response to Mr. Ram's resignation, which was privately welcomed by many Congress men, is a sign of how Mrs. Gandhi had lost touch with her rank and file...

Mr. Ram is backed by the powerful Mr. E. N. Bahuguna, former chief Minister of U.P., (B.L.D.) is the lobby group for whose influence, popularity and



Mrs. Gandhi at an election meeting in Delhi at the week-end. Her speech was such a flop that she cut it short.

whether the Youth Congress majority is—and one still has to assume, though with decreasing assurance, that she is going to win—the greater the leverage against her. Mr. Ram obviously hopes that he can so dent her prestige as to be able to reform the Congress Party without her...

But Mrs. Gandhi's real strength will be tested only after the election. It is then that the bargaining will begin and Mrs. Gandhi will be seeking allies among her erstwhile opponents. She has proved to Congress who would like to see her continue as Prime Minister but also to submit to a more

At the same time Mrs. Gandhi has allowed key political figures like Mr. S. S. Ray to strengthen his power base within the party by giving him a freer hand in the selection of candidates from Bengal...

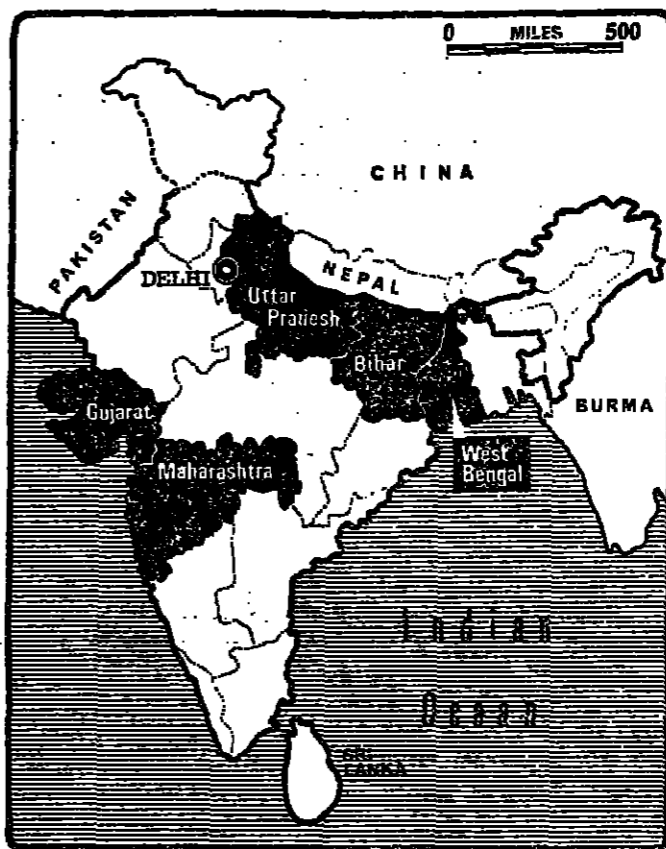
An initial picture of how far Mrs. Gandhi's concessions will go will emerge when the full list of Congress candidates is published on February 12 or soon after. That will show

The slimmer Mrs. Gandhi has a tough stance. She has lost the vision of herself as a person only person able to hold together India's regional and socio-economic disparities...

Whatever regrets she may have about calling the election—and Mr. Sanjay Gandhi may be reminding her of his earlier calculation—it would be difficult to reverse the process now. Pandora's Box that has been opened has revealed such strength of opposition and sentiment that it could be done only by martial law. With Parliament dissolved, Mrs. Gandhi would have only the firm constitutional course for pending elections aside.

Her strong card is that has the national stature appeal over the heads of party as the leader most likely to assure India stability, economic growth. She political funds and apparatus of party and Government to back up her camp. The opposition's bitterest foe that a rattled Mrs. Gandhi would not be averse to piths creating an atmosphere of violence and intimidation could enable her to bring police into the arena side in support of her order. Hence the warning Mr. Ram was giving followers on Sunday to offering any provocations.

In the last resort, what tells in Mrs. Gandhi's favour is that she still the most credible Prime Minister that India has. The tion would disintegrate first touch of office as ences of religion and it came into the open. The irony is that though months of semi-dictatorship Mrs. Gandhi has done more than any other Indian Prime Minister to damage parliamentary democracy, there seem other figure with the po muscle capable of preserving that also could change the five weeks left before election.



A political map showing provinces where Mrs. Gandhi must contend with or placate senior Congress personalities wielding special local influence.

collective leadership will press their case for reducing the power of the Prime Minister's secretariat and of the special police and intelligence agencies which contributed to her strength during the state of emergency.

Prime Minister for 11 years with undisputed authority for the last 19 months, such haggling will be unpalatable to her. She dated the decline of her father's power to his allowing Mr. Krishna Menon to be bullied out of office, which will incline her to take

MEN AND MATTERS

Carter's escape plan...

President Carter seems to be finding his way nicely round the machinery of high office. He was, apparently, rather sceptical of White House readiness in the event of a nuclear attack...



"Now I know what is meant by 'if you can't stand the heat, get out of the kitchen'!"

Brzezinski took a practical approach. He summoned an aide and asked how long it would take to have the helicopter ready. He was told less than 10 minutes. Right, said the security chief. He ordered an instant test run and pulled out a stop watch. The startled aide hopped into action—but according to the magazine Newsweek, the helicopter was several potentially disastrous minutes late.

...and Peking's tunnels

The nuclear emergency arrangements in China are not restricted to Chairman Hua Kuo Feng and a select band of politburo chiefs but are theoretically capable of sheltering most of Peking's inhabitants in an underground city, a sort of anti-nuclear sallyport, created after years of patient burrowing.

store grain everywhere" and one of the criticisms now being made against the "gang of four" led by Mao's wife is that they dared to suggest that building the tunnels wasted building materials and was enormously expensive, in spite of the "volunteer" nature of most of the labour employed.

average rate of a metre a day since. Most of the work is carried out by manual labour with little mechanical help except lots of stirring revolutionary songs fed through the loud-speaker system.

Like President Carter, however, observers familiar with the morning rush hour crush have their doubts about the effectiveness of the arrangements. "Would it really be possible to get all those teeming people underground within five minutes? And so for the most heretical thought of all—could Madame Mao and the gang of four be right?"

Bullock in the dock

Opposition to the Bullock report is welling up in the most unexpected places. The latest protest comes from St. Katharine's dock in London's East End or more specifically from Peter Drew, chairman of the World Trade Centre, whose headquarters is in the old Port of London Authority building there.

Falling to see any immediately discernible link between Bullock and world trade we asked Drew to explain why the centre was getting into the fray. His theory is that having workers representatives on the board will increase the pressure on companies to invest in the U.K. only, where British workers will benefit immediately, and actively discourage foreign investment, although this in the long run is often one of the best ways of securing exports sales and jobs at home too.

on international exporting companies and is likely to launch a campaign to oppose its implementation.

In spite of this openly political approach to the report however Drew maintains that the world wide World Trade Centre movement, with over 100 member organisations all over the world including the Soviet Union and five other Comecon countries, is a non-political movement. In its 20-year life the movement's aim has been to create "a better and brighter tool for increasing world trade." Roughly half the centres are sponsored by Governments or quasi-governmental bodies and the other half are essentially private ventures, of which the best known is the New York World Trade Centre which boasts the tallest skyscraper in the world.

The movement also runs conferences and training institutes aimed at improving the art of world trading. The London World Trade Centre started in 1969 and has ambitious plans for a £12m expansion plan which includes a 250,000 square foot complex on the St. Katharine's Dock site which already contains the essential pre-requisite for a successful centre in the recently built Tower Hotel.

Disastrous

Perhaps there is some justice in the fact that local authorities seem to be running out of ways to describe the perils of inflation. D. S. Walker, chief executive of Reigate and Banstead Council in Surrey, declares in a report that unless spending committees decide promptly their expenditure reductions, "quasi-carcage could ensue to the positive detriment of the Council's services overall."

Advertisement for UDT (United Dominion Trust) featuring a ship illustration and text: "As a leading finance house, UDT offers loans to the individual; and to manufacturers, traders and farmers, finance for vehicles and equipment."

# FINANCIAL TIMES SURVEY

Tuesday February 8 1977

# BOLIVIA

Not only has Bolivia emerged from a turbulent past into relative political stability, but also looks set for economic prosperity. However, the growing pains that accompany the transition from poor to rich, unless carefully managed, could hamper future development.

## Military rule: the gains and losses

Hugh O'Shaughnessy  
Latin America Correspondent

disasters. Its original territory has been eaten away in large chunks by all its five neighbours. Its presidents have succeeded each other in the Government palace, at times with the rapidity of a crowd of guests going through the swing doors of an hotel. The development of Bolivia's very large mineral and agricultural potential has been hampered by very bad communications.

The Spanish colonial regime of milking the profits of the silver mines of Potosí for the benefit of the metropolis was paralleled in this century by the development of the country's tin potential for the benefit of a small number of immensely rich tin barons.

The large part of the population, the pre-Colombian Indians, received almost no benefit from those developments which were carried out in Bolivia in the 19th and the first half of the 20th centuries, and only slightly more after the big social revolutionary upheaval which took place in 1952 under President Victor Paz Estenssoro. It is no coincidence that perhaps two-thirds of the population of Bolivia are still outside the money economy.

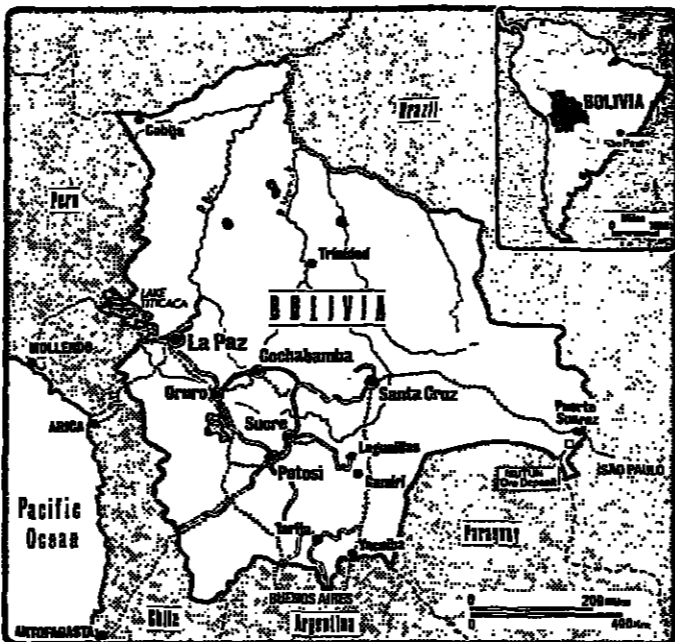
In recent years, however, there have been indications that the country is beginning to realise its potential and move into a period of sustained economic growth. First Bolivia has developed self-sufficiency in oil and natural gas, can count on a small but growing revenue

## Promise

Not least, the agricultural sector is beginning to grow, slowly fulfilling the promise that not only can Bolivia feed itself well but also become in time a food producer of importance for the rest of the world.

Another most important factor in Bolivia's recent growth—at least so far as the morale of businessmen and of foreign lenders and investors is concerned—has been the fact that the presidency of the country has been exercised by one man, General Hugo Banzer Suárez, continuously since 1971.

The era of fly-by-night presidents appears to have come to an end, at least temporarily, and the reins of power are in the hands of a friend of business. The effervescent left-wing poli-



liquor company and chief spokesman of the private sector, claims that private business has to be continually on its guard if it is to resist the inroads of Government enterprise. He complains, for instance, that private entrepreneurs have had an unavailing fight to get permission to establish the first Bolivian shipping line and that if private business is not vigilant it will be consigned to a minor role in, for instance, the imminent establishment of a motor industry in Cochabamba.

Whatever the complaints of the private Bolivian businessman, however, there can be no denying that Bolivia has lived through several years of fast growth or that, if the Government acts cleverly, this rate of growth could be continued for a few more years yet.

The growth rate last year was about 6.7 per cent, and the Government's target for this year is 7.3 per cent. The reserves, it is hoped, will rise from \$165m. to \$185m.

It having been demonstrated that Bolivia can begin to realise its economic potential, the challenge now facing the Banzer Government is to make sure that the benefits of the growth process are transmitted to the mass of the population.

It is no secret that many observers feel strongly that the social effects of the very welcome growth of the past few years have been too pointedly concentrated in the richer sectors of society and that too

## BASIC STATISTICS

Area	424,165 sq. miles
Population	5.6m.
GNP (1975)	42.45bn. pesos
Per capita	7,540 pesos
Trade (1975)	
Imports	\$558m.
Exports	\$442m.
Imports from U.K.	£5.3m.
Exports to U.K.	£19.0m.
Trade (1976 to end Nov.)	
Imports from U.K.	£7.5m.
Exports to U.K.	£20.0m.
Currency: £1 = 34.37 pesos	

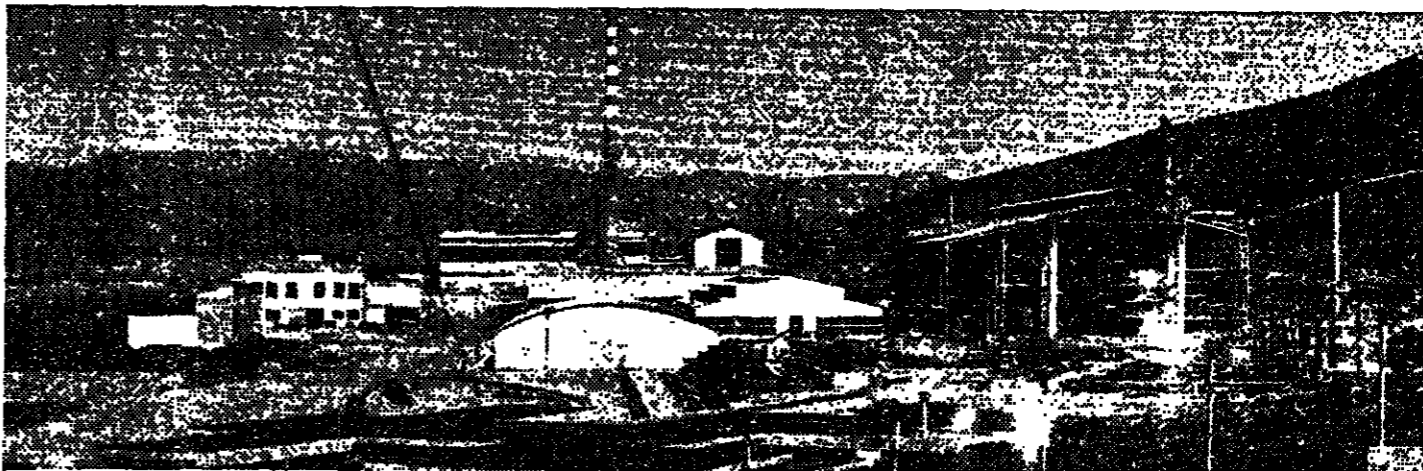
## Resources

Government officials argue that the greater attention to the problem of poverty is indissolubly linked to the question of putting more resources profitably to work in the countryside. And that, they argue, is an extremely complex problem which in the end may demand a policy to resettle large numbers of the peasants from the overcrowded Altiplano in the underpopulated areas of the east of Bolivia. Given that it is often a great deal more difficult to float large-scale integrated rural developments than industrial projects, they say, than assistance to the countryside will take some time to be effective.

General Banzer himself has appreciated that there must be some changes in the political scheme he has presided over since 1971, even if he resists admitting that his economic strategy needs a change. On January 21 he announced moves to liberalise the present ban on party and trade union activity. He has so far been unwilling to fill in the details of what he means. But it is clear that some rethinking of the strategies that the General has pursued hitherto is going on.



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## EMPRESA NACIONAL DE FUNDICIONES

## FOUNDRIES IN BOLIVIA

The operations centre of the nascent Bolivian metallurgy industry is in Vinto, near the plateau city of Oruro, 3,700 metres above sea level. It is the first Metallurgy Complex of a series of three which the Empresa Nacional de Fundiciones (ENAF) is planning to build. ENAF is the state company responsible for the transformation of non-ferrous minerals into metals.

The Metallurgy Complex at Vinto includes the first Tin Foundry which has an annual production of 20,000 tonnes; in two years' time, the second Tin Plant will start work and will have a capacity of 10,000 tonnes/year. By 1978, Bolivia will smelt 30,000 tonnes/year.

The Antimony Foundry is in the same complex, and has an output of 4,300 tonnes of regular antimony and 1,000 tonnes of antimony trioxide.

By 1980, ENAF will have installed another two Metallurgy Complexes, one in the south of the country and the other in the Northern Plateau (Altiplano). These plants will process into metals the great variety of mineral ores produced by Bolivia, including zinc, lead, silver, etc.

### Quality

Tin		Antimony	
Electrolytic	99.9%	Regular	99.6 - 99.5%
		Trioxides	99.85%

### Marketing

The Empresa Nacional de Fundiciones markets its products directly to the consumer, and also through its agents in many markets throughout the world.

### Future plans of ENAF

The Government of the Armed Forces, presided over by General Hugo Banzer Suárez, is carrying out the policy of accelerated development as set out in the Five Year Plan 1976-1980, and has drafted plans for the consolidation of the national metallurgy industry through the construction of the Electrolytic Zinc Refinery, with an annual capacity of 100,000 tonnes.

The technological studies stage for the smelting and refining of mineral ores of lead and silver, with an annual production of 30,000 tonnes of lead and 200 tonnes of silver, is running parallel to that of the large zinc industry and the plant will come on stream in 1980.

The strength and solvency achieved by ENAF in its first five years is shown by the confidence of world-famous banking institutions which are endorsing its continued development, through their support operations.

Thus can one synthesize the image of a Metallurgy Industry pacing towards the future.

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# BOLIVIA II

An uncannily low inflation rate and steady growth are the features of the Bolivian economy. As a result of recent discoveries petroleum and gas are now rivaling the mining sector in the exports field

## The economy

TWO THINGS above all would seem to justify the image of Bolivia as an oasis in a South American world of economic sandstorms. The first is its inflation, with figures so low they are uncanny. Although some independent analysts put last year's rise in the cost of living as low as 7 per cent, senior Government experts concede that it may have been as much as 12 per cent, but it is still unusually respectable. Over the border in Argentina, the official figure for last year clocked in at 347.5 per cent.

The other stable element in the internal economy is the steady growth rate. Through the ups and downs of a mini-oil-bonanza in 1974, overspending in 1975 and a recovery in foreign trade in 1976, the rise in the gross domestic product has stuck solidly to the range of 6.7-6.8 per cent a year.

The improvement in per capita income is made difficult to assess by last year's census, which, far from showing the figure close to 6m. which was expected, came up with fewer than 5m. inhabitants. But calculated on the same basis as before, real income per head rose by about 4.5 per cent last year after 3.7 per cent in 1975 and 4 per cent in 1974.

The Planning Ministry has set the target figure of a 7.3 per cent increase in the gross domestic product this year, in order to bring things into line with the 1976-80 national plan, which foresees growth of over 7 per cent a year.

seen on La Paz's streets. Imports of motor vehicles have been prohibited since last February. Smuggling is one of several seemingly insuperable problems in the Bolivian economy. More so is the overweight public service, its costly bureaucracy and the public sector's permanent and growing deficit. This deficit—which observers deduce at something in the region of \$75m.—is probably the biggest item on the minus side of the present mood of confidence.

The Government has taken a number of steps towards reforming the State sector. It has brought new men in to head the mustier Government agencies, sometimes under duress, while General Juan Lechin Suárez, the Planning Minister, pledged at the beginning of this year to stage a campaign against managerial deficiencies.

### Approach

As a sign of its new approach, the Government has qualified for the Guinness Book of Records (or would have done if there were a Bolivian edition) by producing its consolidated public sector budget proposals for 1977 before the beginning of the year. The \$2.8bn. budget was published on December 30.

Over the past few years, the growth of public revenues has lagged more and more behind spending, much of which has had to go on repairing the operating deficits of State-owned corporations, paying their debts and even paying their taxes.

The Government is also looking into a thorough reform of its tax system, for which it has commissioned a blueprint from a team of U.S. experts.

The Government's fiscal performance has been its Achilles heel. Tax revenue is heavily dependent—about two-thirds—on foreign trade, with an over-large chunk coming from the mineral sector. This has not only handicapped the mines but it has also meant that the Government's revenues follow the big dipper of world prices, which are outside its control. The mineral levy system seems likely to be scrapped in favour of a profit tax.

Foreign experts also point out the lack of central control over Bolivia's tax revenues. As much as 40 per cent of Treasury income comes in the form of specific taxes, some of them trifling, imposed by different ministries. In the case of oil and gas, an 11 per cent tax goes to the department, and principally this means Santa Cruz, since it produces 80 per cent of the oil and the gas—while 19 per cent goes to the central Government. It is considered a political impossibility to make any substantial change in this system, even if it meant a more even distribution of funds, because of the fierce rivalry that exists between the different departments, itself often an obstacle to co-ordinated development.

The vying between departments for industrial and other projects, such as sugar refineries, has been symptomatic of a general planning failure. Projects have up to now been considered individually rather than as part of an overall strategy. This has meant inadequate measures to deal with the permanent haemorrhage which has acted as a drag on economic and social development.

The transport system, far from being exceptional geographically, is still a national problem. The national paves a good deal of its funds towards improving it. For instance, of the high Beni region for sugar cotton and soyabean has been realised because of impossibility of bringing products to market.

But socially Bolivia has perhaps the biggest and most approachable of its problems. The population is simply in the wrong place. The bulk of people, the Indian peasants the Altiplano, are so dispersed as to make proper health, school facilities a major challenge. Half the country is illiterate, and the infant mortality rate is among the world's highest at 154 per 1,000 births. Existence for a people on the Altiplano meagre, although real wages are high. While the middle class La Paz has enjoyed an unprecedented spree of sumerism in the last couple years, the Altiplano peasants have shown little or no change. Attempts to resettle them in tropical regions have been almost total failure. Instead, World Bank is now backing integrated agricultural community experiment, complete with irrigation, on the Altiplano itself—a project which seems to be generating high expectations of success.

David Wh

### Balance

There is, of course, always something about five-year plans that smacks of wishful thinking, and bank clerks also secured This may apply in particular, according to international observers, to the total investment envisaged during the period of \$3.5bn., calculated at 1975 prices. Of the total amount, two-thirds, or about \$2.3bn., is supposed to come from internally generated funds. This is seen as over-ambitious, although Bolivia may be able, on a slightly smaller scale, to maintain the aimed-for balance between domestic savings and external borrowing.

Thirty per cent of the funds are earmarked for development of private business. Of the remaining public sector slice, 40 per cent is dedicated to infrastructure, including between 20 and 25 per cent on about five-sixths of the 36,000 tons of tin it produces as well as big proportions of the antimony, tungsten, lead and silver. In 1981 ENAF expects to have new ferro-tungsten, copper and antimony plants in operation. By mid-1983 its \$225m. zinc refinery should be going, together with an extension of the low-grade tin ore smelter and a plant to recover residual products.

Hydrocarbons have come to the rescue. Bolivia's exports of oil, which in 1970 accounted for less than 6 per cent of export receipts, now bring in about a quarter of all export earnings, while natural gas has come from nowhere to account for about another 10 per cent. There seems little doubt that the petroleum and gas deposits of Bolivia will soon rival the mining sector as a source of foreign exchange. More oil is certainly to be found, but it is on Bolivia's role as a major supplier of gas to its neighbours that many economic strategists see the future prosperity of the country depending.

Despite the disadvantage to which Bolivia's geographical position puts Bolivia's hydrocarbons salesman, Yacimientos Petroliferos Fiscales Bolivianos, the State oil company, is slowly pushing up the export prices of its products to its neighbours towards something approaching world prices. The long drawn-out negotiations with Brazil over the provision of 240m. cubic feet a day of gas to that energy-starved country should be completed before too long and will mark the consolidation of natural gas as one of the principal pillars of the external sector.

Further hope for consolidating the sector comes with the plans of ENAF, the State-owned metals smelting corporation. By 1980 Bolivia should be smelting

## Export performance

BOLIVIA IS slowly moving out of a period when its economic relations with the rest of the world were ruled by the highly volatile price of tin on the London Metal Exchange. The importance of tin to the economy has been falling rapidly. From making up 44.6 per cent of total exports as recently as 1970, the share of tin in the export receipts is now under 30 per cent and it is likely to fall further. The same goes for other mining products, whose share has fallen by about the same measure.

The activities of ENAF will not only mean that Bolivia will be able to get much better export prices for its refined metals than it would be getting for its raw ores, but will also allow the country to maintain its own stockpiles where necessary. Bolivia will therefore be in a position of greater independence vis-à-vis the International Tin Agreement and will be able to challenge the ultimate control of the tin market now exercised by the U.S. through the General Service Administration's stockpile of tin. Its smeltings of silver will also serve to boost the country's monetary reserves.

By 1980, according to the five year plan, the mining sector should be generating 2.57bn. pesos in export income, or 52.5 per cent of the total, having grown at an annual rate of 10.8 per cent during the five-year period. The hydrocarbons sector should be earning 1.72bn. pesos (35.1 per cent.), having grown at a rate of 15.9 per cent. over the period.

The third leg of the export tripod, the farm sector, should also grow at a rapid rate of 15.6 per cent a year to be generating 608m. pesos, or 12.4 per cent of export receipts, by the end of the decade.

The establishment of so much new productive capacity in Bolivia will clearly involve greater imports of the capital goods needed for the new plants. Nevertheless the Government, in its operative plan for 1977, hopes that the growth in imports will be kept more or less in line with export growth. It forecasts that the growth in the GNP this year will be of the order of 7.3 per cent., that exports will rise 12 per cent. to reach 12.2bn. pesos and that imports will go up 13 per cent. to top 12bn. pesos, thus giving a tiny favourable balance on the trade account. This compares with a fall of 18 per cent. to 10.9bn. pesos in exports last year and a rise in imports of only 4 per cent. to 10.7bn. pesos.

The external capital account of Bolivia has become increasingly important during the Bozner period. The international banks, often with more money on their books than they know what to do with as a result of the still depressed conditions in the developed world, have been keen to make loans in many parts of Latin America. For a time Brazil was a prime borrower, but with many banks heavily committed to that country and its prospects starting to tarnish, Bolivia, a country newly returned to the ranks of international borrowers and with a conservative Government, began to find favour with lenders.

For the first time in many years, and despite the fact that some Bolivian international obligations remain unpaid, the country has been in the position of being offered more foreign money than it knows what to do with. Sr. Enrique Ackermann, the head of the Instituto Nacional de Fianciamiento, the watchdog body appointed by the Government to oversee the public sector's foreign borrowing, recounts that offers of money have come from the strangest sources, consisting of propositions from the most bizarre corners of the Far East and simple notes offering tens of millions of dollars from gentlemen quoting their passport number and an accommodation address.

Foreign indebtedness has been rising rapidly as a result

of the increased offers. country's total public sector debt is now about \$2bn., which about a third is unburied. It is a high priority for the Government to channel foreign money into productive activities so that it is able to generate the funds needed to repay. As a first step, authorities are trying to ensure that all public sector borrowing is channelled through an ordinating body and that various public sector enterprises do not, as often in the past, mount up their foreign liabilities.

The Government is not satisfied that everything possible has been done to put money to work in the manner. Some public sector bodies, for instance, have borrowed foreign funds in order to allow them to pay their own tax debts to the Government.

The lack of management entrepreneurial skills—which the private sector is almost as much as the public sector—has at times made impossible for Bolivia to a foreign credits to the effect.

Nevertheless, the expansion of productive State investment such as those being made by ENAF in the metals smelting sector and SIDERSA in steel-producing sector help to correct this.

So far, perhaps because of ability to borrow abroad, a comparatively novel export for recent Bolivian Government, the country has not out of its depth and piled up too many liabilities. The annual export earnings in the region of 20 per cent of International Monetary Fund maintains a very good presence in La Paz and is on hand for any of which the authorities seek from it.

Hugh O'Shaughnessy

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مكتباتنا الأصل



BOLIVIA III

Few presidents in Bolivia last more than a year or two in office. But General Hugo Banzer Suarez has survived since 1971 and in an interview with HUGH O'SHAUGHNESSY he shows himself to be a tough political operator.

Active neutrality



THE PRESIDENTIAL palace in La Paz, the Bolivian seat of Government, is called the Palacio Quemado, the Burnt Palace, a reference to its turbulent history. Across the road from the Palacio Quemado in the Plaza Murillo is the lamp post where few decades ago hung the body of President Gualberto Villarroel. The occupant of the Bolivian presidency is left in no doubt that his tenure in office is most likely to be nasty, ruthless and short. Few survive more than a year or two.

By 1970 when he was the commandant of the military college in La Paz it started to be rumoured that he had ambitions to succeed to the presidency. The Torres Government cannot have been an agreeable time for him and indeed in early 1971 he started a move to unseat him. The move, however, was discovered and Banzer was sent into exile. Within a few months, however, he was back in the country and with the support of private business, many of the most prominent citizens of his own department and with the ill-concealed satisfaction of Washington he was able to send General Torres into exile in the President Allende's Chile and take over himself.

Without seeing it. It is the symbol of the principal foreign policy goal of any Bolivian president, the recovery of the country's access to the sea. On this topic Banzer has made more progress than most of his predecessors. He has got the acknowledgement from both Peru and Chile that the Bolivian case deserves attention, even though neither has presented acceptable proposals.

I was president I remember that there was one party which consisted of five people. He reels off a list of four common Spanish surnames. "What was the other, Estenssoro?" The information chief confesses that he cannot remember the fifth name. "Anyway there were five of them. They used to take out full-page advertisements in the Press. I used to read them and say to myself 'Caramba!' If this is what the Bolivian people feel then things are really serious." Then I would remember that after all the advertisement represented the opinion of five, yes, five, Bolivians.

Closed

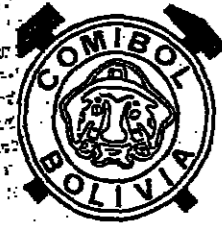
In 1974 he decided to rule on his own and closed down all remaining party political and trade union activity. He announced that the Government of the armed forces would remain in power at least until 1980.

Frontage

In conversation he admits nevertheless that all has not gone according to the plans he had hoped would be realised last year. Public opinion in Bolivia, he confesses, had not been as receptive as he had hoped to the idea of an exchange of territories with Chile which would have resulted in Bolivia getting a corridor to the Pacific and a small frontage on the ocean.

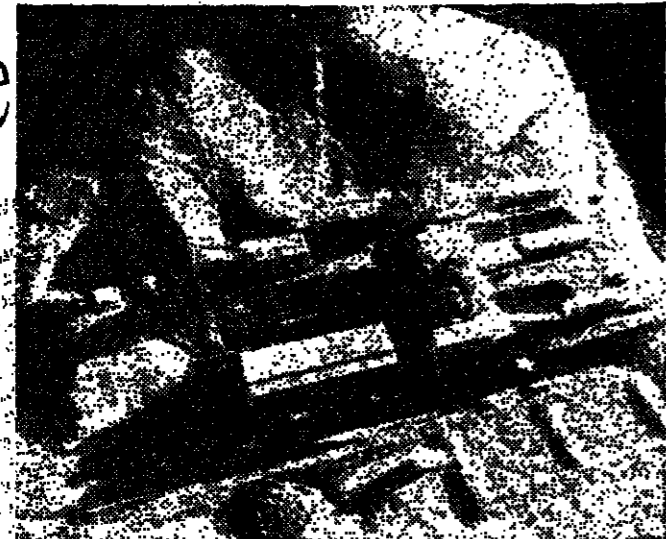
Difficult

"We are not here to copy foreign models," Banzer answers with a note of sharpness. "I realise it is a difficult problem and I haven't solved it yet, it's very difficult. . . . Was his speech at Cochabamba timed to coincide with the first full day that President Carter spent in office and perhaps meant to blunt criticism in the U.S. about the state of human and political rights in Bolivia and elsewhere in Latin America?"



CORPORACIÓN MINERA DE BOLIVIA

P.O. Boxes 349, 674 and 1414, La Paz, Bolivia, Cables: COMIBOL



Model of the future first Volatilisation Plant for low grade tin concentrate, currently being constructed in the La Palca region, near the historic city of Potosi

The deposits worked by this Corporation are exploited by the following companies: Bolivar, Catavi, Caracoles, Colquiri, Corocoro, Huanuni, Matilde, Quechisla, Santa Fe, San José, Unificada, Viloco, Empresa Metalurgica, Oruro, Ferrocarril Machacamarca-Uncia, Planta Industrial Pulacayo, Rio Yura, Central Oruro, Bolsa Negra and Kami. The Central Offices are situated in the city of La Paz. Also in La Paz is the Board of COMIBOL, headed by General Carlos Alcoreza Melgarejo, General Manager of the State Mining Company, and Sr. Héctor Ormazúa Peñaranda, Deputy General Manager.

The Bolivian State's extraction industry is the most important company in the country, generating foreign earnings which sustain the national economy, and because of its social and economic implications.

The work-force is 25,100 strong, with a total of over 130,000 dependants or relatives, all of whom have given rise to an infrastructure of significant proportion including medical care,

structure for the first Plant for low grade tin concentrate is being built. This is due to be ready to start production in the first quarter of 1978, and involves an investment of 20 million dollars.

Due to extremely new technology, COMIBOL will be able to make profitable great quantities of tin bearing material previously considered to be waste, which have accumulated over many years from silver mining, and more recently from tin mining. Four volatilisation plants are planned. The La Palca plant will have a daily treatment capacity of 400 tons, and the second, to be situated in Machacamarca, will process 700 tons daily. The technical expertise for the latter will be provided by Machineexport, from the Soviet Union commencing in March 1977. Machineexport is responsible for the creation of the volatilisation complexes.

The La Palca plant will be the largest in the world, with an imposing structure of 15,000 tons of material and equipment,

Government, and has the scientific assistance of the Max Planck Institute of West Germany.

The first Hydrometallurgy Plant was opened recently in the city of Oruro, and will use this technology. Bolivian technicians are currently doing research which should soon result in the design for the installation of Hydrometallurgy Plants.

Investment of US\$17,500,000 is planned for the construction of hydrometallurgy systems. This is a fairly low sum considering the profits which will be generated by these plants. Moreover, the advantage of hydrometallurgy is that it does not contaminate the atmosphere—a positive factor for a nation in the initial stages of industrial development.

The new technology also has the advantage of being applicable not only to the leaching of copper minerals but also for other non-renewable natural resources such as bismuth, zinc blend, cadmium, etc.

Open Pit System

The Corporación Minera de Bolivia is carrying out a series of projects for production expansion. Amongst the projects with wide possibilities is that of the mining company Catavi for the exploitation of low grade tin concentrate by the open pit system. Enormous reserves have been discovered during initial searches in this zone in conditions highly favourable for low cost extraction.

The preliminary exploratory results have shown the existence of 80 million tons of tin at a grade of 0.30 per cent, and its commercial use in the near future will be highly satisfactory for the financial economy of COMIBOL.

Also outstanding are plans for the implementation in several mines of the Track Less System or mining without rails, and the use of gigantic dredges in other mining sectors.



The legendary Cerro Rico of Potosi, deposits of inexhaustible mineral riches, with enormous tonnages of tin still to be extracted from its depths

Corporación Minera de Bolivia (COMIBOL) is the company which has been responsible for the exploitation and administration of the mineral deposits of the Bolivian State since 1952, when the mines were nationalised on October 31st. It is the largest and most important company of all the industrial and commercial activities in this South American country, and in recent years has gained in prestige in its international relations.

education and accommodation, giving the miners' families the facilities and means for a dignified humane life. At the time of the creation of COMIBOL in 1952, the number of schoolchildren was only 4,416, but now that figure is 55,937, which indicates accelerated growth of child population.

COMIBOL is, therefore, dedicated to the steady foundation of more establishments to meet educational demands at all levels—nursery, infant, junior and senior, not forgetting adult literacy, and technical instruction in mining activities.

A project of extreme importance is being carried out in the "La Palca" region, near the historic city of Potosi, where the

which will be imported from Moscow. These two plants will be in the Machacamarca region, and the Empresa Quechisla will be in the south of the country.

The Corporación Minera de Bolivia will be able to increase production volume indices by means of these four plants at very favourable cost when compared with the expense necessary for tin extraction from the subsoil.

Hydrometallurgy Following Decisions 86 and 87 of the Andean Projects Pact of Cartagena, Bolivia is developing the initial stages of the copper hydrometallurgy technology through COMIBOL.

There are two projects for this: that at Corocoro will be of a regional character and will be for the treatment of copper oxide ores through leaching with sulphuric acid and binding with scrap iron, and the second in "Pailaviri Bajo y San Miguel" in Potosi through the bacteric acid leaching system of marginal copper ores in tailings.

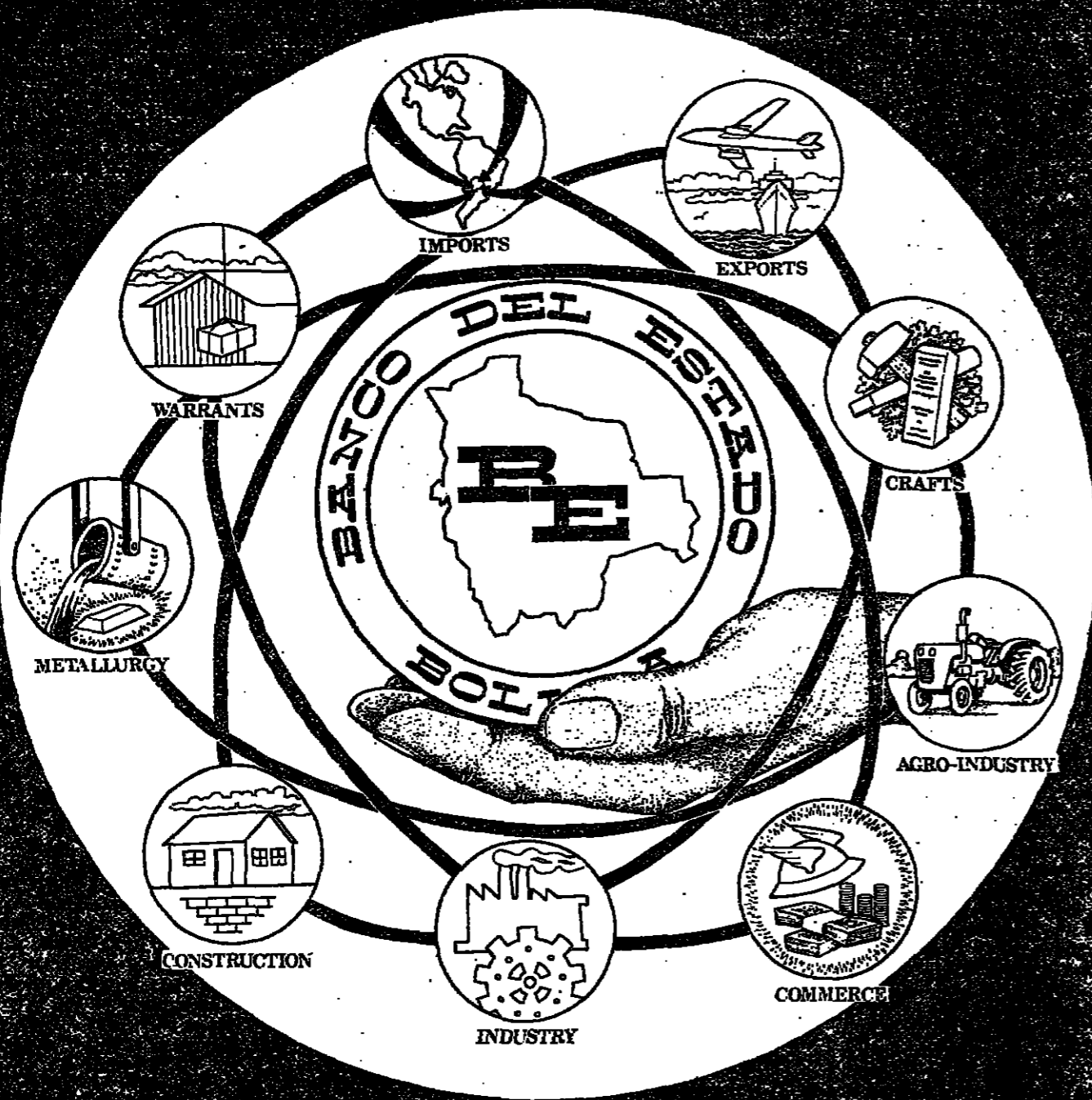
The hydrometallurgy project is being supported by the technology of the Cartagena Agreement, financed by the German



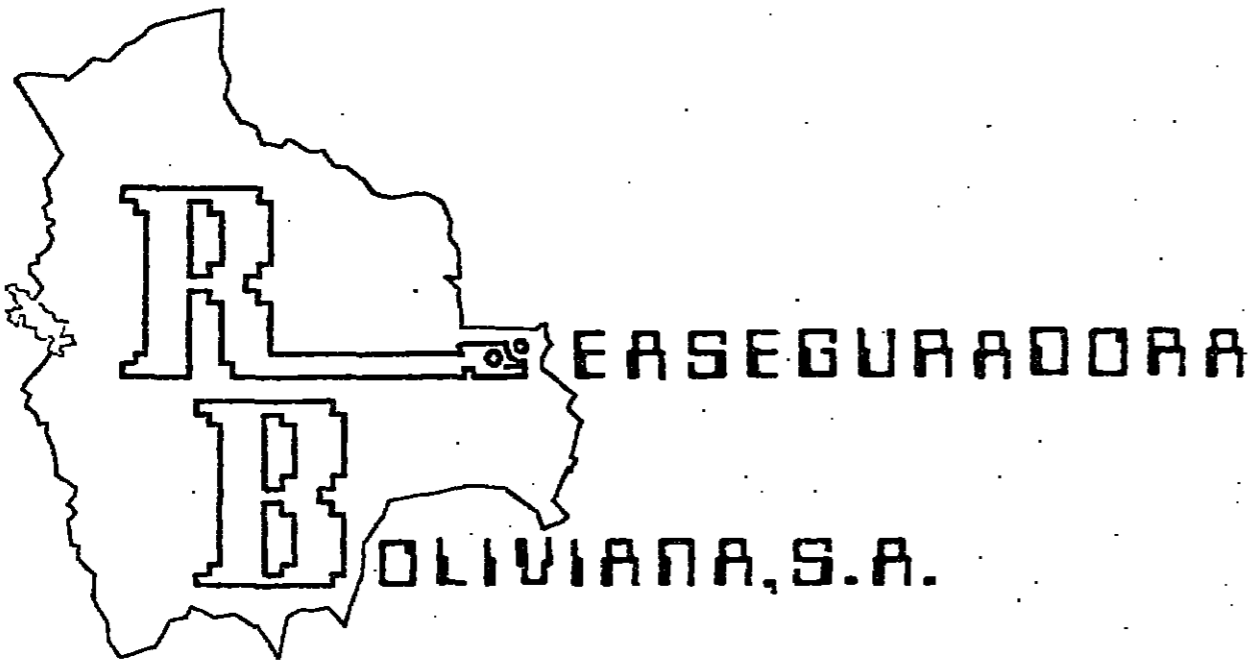
The Corporación Minera de Bolivia puts great emphasis on the education and technical studies of the miners' children. The new miner will have a better social and economic future

BOLIVIA IV

BANCO DEL ESTADO



THE LARGEST AND MOST COMPLETE BANKING NETWORK IN THE COUNTRY



The REASEGURADORA BOLIVIANA has begun its activities in 1977 as a legal transformation of "Compañia de Servicios para Seguros S.A." which was founded on February 3, 1972 by an agreement of all the companies in the Bolivian market. During the five years of its existence it has channelled the market's reinsurance business, which in 1975 reached the following figures:

- \* Total Premiums income: S.U.S. 4,502,062.-
- \* Increase in comparison to previous year: 49.79%
- \* Paid losses: S.U.S. 2,042,591.-
- \* Loss ratio: 43.37%

THE REASEGURADORA BOLIVIANA has been formed with entirely private capital from the following Insurance Companies:

- AMERICAN HOME ASSURANCE COMPANY (Bolivia)
- ANDES INSURANCE CORPORATION S.A.
- ARGOS COMPAÑIA DE SEGUROS S.A.
- BOLIVAR S.A. DE SEGUROS GENERALES
- COMPAÑIA AMERICANA DE SEGUROS Y REASEGUROS S.A.
- COMPAÑIA BOLIVIANA DE SEGUROS S.A.
- CREDINFORM INTERNATIONAL S.A. DE SEGUROS
- DELTA INSURANCE COMPANY S.A.
- LA MERCANTIL DE SEGUROS Y REASEGUROS S.A.
- LA ORIENTAL DE SEGUROS S.A.
- ROYAL INSURANCE COMPANY (Bolivia)
- UNION INSURANCE COMPANY S.A.
- UNITED STATES FIRE INSURANCE COMPANY (Bolivia)

Weakened by over-emphasis on short-term business, while wallowing in excess liquidity, Bolivian banks are at last directing their efforts towards productive industry. But to many borrowers, foreign credit is still a cheaper alternative.

# Banking develops

"YOU CAN'T walk out into the street during the day, or take a taxi," said a banker in La Paz by way of excuse for arriving late. "without getting at least one loan request." Bolivians these days are using the banks on an unprecedented scale, most banks are blossoming on fat deposits, and bank buildings are achieving the admittedly not very difficult feat of looking more impressive than Government offices.

Recently the sharp increase in private savings in the banking system has provided perhaps the most obvious indication of people's increasing confidence in the country's economic institutions. But while it is expanding, the banking system in Bolivia is still at a rudimentary stage of development.

Although La Paz now counts some 17 commercial banks, they all deal with only the bare ingredients of current accounts, savings accounts and time deposits. Most of their lending is in short-term operations, and there is no such thing as a secondary market. Instruments such as bankers' acceptances do not exist.

The elementary nature of parts of the State apparatus, Bolivian banking to date is already leading to some distortions. Holding low levels of capital and reserves, the banks' cash flow comes almost entirely from deposits. Since these have recently been growing faster than credits, the system is suffering from excess liquidity hovering around \$7.5m. According to some sources it has occasionally gone up to \$20m.

Sr. Carlos Calvo, the Finance Minister, has himself headed both foreign and Bolivian bank offices in La Paz, and is concentrating on improving and dynamising the sector, which is not known for its openness to radical change. If, as the 1976-1980 Economic and Social Development Plan proposes, Bolivia is to get more than two-thirds of its needed investment from internal savings, then the banking sector has a big role to fill.

Domestic bank assets rose by some 25 per cent. last year, with total deposits increasing by as much as 70 per cent. A large part of the inflow appears to have come from small savers, after a slowdown in savings in 1975—a result of the sudden upsurge of consumer spending that followed Bolivia's economic upturn in the wake of higher oil prices.

The increase also reflects Sr. Calvo's efforts to make savings more attractive. For the first time, time deposits have come into widespread use. Individuals can keep deposits in Bolivian banks in foreign currency, and on peso deposits they can currently earn 11½ per cent interest, which compensates for inflation, plus a dollar guarantee, which means that if the peso should be devalued the deposit will retain its original value in U.S. dollars and be paid interest accordingly.

The favourable terms offered have led a number of better-off Bolivians with accounts or investments overseas to repatriate their capital, sometimes in very large amounts. Estimates of total funds repatriated vary from between \$5m. and \$10m. from independent sources to between \$30m. and \$50m. from Government sources. However, the inflow does not yet offset the leakage of hard currency abroad, generally put at around \$10m. a year plus a further \$40m. which goes on contraband.

At the same time the growth of credit to both public and private sectors has been sharply cut back. This is partly because big companies which have borrowed to offset operating losses have already over-borrowed, while companies running at a profit have continued making deposits. Another factor is that a lot of medium-sized companies have preferred to look for foreign credit, which comes considerably more cheaply than bank borrowing in Bolivia.

Interest on loans starts at a basic 15 per cent, considerably higher than the rates which can be obtained abroad. On top of this, industrial borrowers have to pay a 1 per cent. tax and another 3 per cent. levy which goes to employees' funds. Commercial borrowers have to pay 15 per cent plus 7 per cent. tax, plus the 3 per cent., which makes a formidable 25 per cent.

Importers' demand for credit, according to bankers, has been checked by the compulsory deposit system, which requires them to place beforehand 25 per cent. of the value of goods to be bought for a period of 120 days.

Further monetary measures to keep the level of borrowing

down have included ceilings on individual loans, of \$40,000 to commercial clients and \$75,000 to industrial borrowers. The Government has attempted to channel a larger proportion of credit into the productive sector. In August 1975 it increased from 70 to 75 per cent. the proportion of a bank's credit operations that have to go into productive uses, or rather, that have to appear to go into productive uses. Loans are granted on the basis of companies' declarations, and there is no supervision of the way in which the money is actually spent.

The weakest point in the banking system, and it has been for some time, is the State sector. The Banco del Estado, one of the pillars of the State banking system, and important in Bolivia's international dealings (it guarantees private sector loans in the same way that the Central Bank guarantees public sector loans), started getting into serious trouble in 1972. The bank's credit operations grew in excess of its resources, it began borrowing heavily and fell short of the legal reserve requirements.

As in other financially weak parts of the State apparatus, the Government's approach has been to drum in a new manager, in this case Sr. Jorge Tamayo, and overhaul from the top. Since the changeover the Banco del Estado has once more, as a private banker put it, "become respectable."

Two other State banks, the Banco Agrícola, which finances mostly small farmers, and the Banco Minero, which is the backbone of the 6,000 or so "small mines," many of which are co-operative ventures, have also been in deep financial water, unable to recover credit from loss-making clients.

In some farming areas, especially in Santa Cruz, the non-recovery of credit is an occupational hazard. In the Banco Agrícola's case it followed heavy investment in sugar and rice plantations, which resulted in over-produc-

tion. But it is impossible to tell to what extent producers used the situation as an excuse not to repay debts, and the same applies to the flood damage early this year in Cochabamba and Santa Cruz, following a long drought. Damage in the two areas is provisionally put at \$10m. to \$15m.

## Bureaucracy

Reforms and staff replacements in the State banks have not yet affected the Central Bank, whose task is made easier by the lack of exchange controls but which has built up a considerable reputation for bureaucracy. Its working now contrasts sharply with those of the dynamic young technocrats who speed along the corridors of Sr. Calvo's Finance Ministry.

The Finance Ministry maintains a close relationship with the handful of foreign banks established in La Paz, which have played leading parts in handling Bolivia's international borrowing. Figures for the end of last year show foreign banks holding more than a quarter of total deposits. They operate under slightly more stringent conditions than the 12 local commercial banks, for instance having to put up a minimum capital of \$2m. instead of \$1m.

The weight of the foreign banks' influence in the country is a source of considerable resentment among their Bolivian counterparts, and this may be one reason why more have not set up. Three of the resident foreign banks are Latin American — Banco Popular del Perú, which in terms of deposits is the most important of all the commercial banks, Banco do Brasil, currently the most profitable, and Banco de la Nación Argentina. The others are all from the U.S.—Bank of America, Citibank and Bank of Boston. The only European interest is Banco Agrícola's case it followed heavy investment in sugar and rice plantations, which resulted in over-produc-

The controversial Comibol corporation, a nationalised industrial conglomerate and Bolivia's biggest employer, has had financial problems. But it is hoped the new administration will soon reverse this situation.

# Comibol thrives

THE WORD Comibol to the Bolivian hearer conjures the sort of images that in Britain are conjured by the words British Leyland, British Rail, Unilever, Rowntree and the National Coal Board. That is to say that a welter of conflicting emotions are aroused by Comibol, the Corporación Minera de Bolivia.

It is nationalised; it is the biggest employer in the country; it has often in the past made a loss and been seen to be a drag on the economy; it has a reputation of being over-stuffed and under-efficient; it has accepted the role of a welfare state within a state, which it has carried out with varying degrees of success. As the principal Bolivian exporter it has become and remains essential to the economic life of the country and, depending on the point of view of the observer, is either the final proof of the inherent inefficiency of the public sector or the standard bearer of public sector enterprise which has made the best of some very bad circumstances.

Comibol was created on October 2, 1952, during the revolution of that year to assume control over the mining interests of the Patiño, Aramayo and Hochschild groups which had dominated Bolivian mining for most of the century. The corporation had a difficult beginning. The mines which it inherited produced an enviable range of ores, principally tin, but also silver, gold, lead, zinc, bismuth, copper and wolfram. But many of them had been worked too hard and were lacking in reserves. Labour relations were extremely difficult.

It was hardly surprising then that Comibol, hard up for the capital needed to modernise and expand, should have seen its output sink alarmingly during the 1950s. From a production of 26,000 tonnes of tin in 1952, Comibol in 1961 found itself producing 14,229 tonnes. Silver production dropped from 167 tonnes to 89 tonnes, lead from 9,488 tonnes to 6,750, wolfram from 1,116 tonnes to 421 tonnes, and zinc from just over 21,000 tonnes to just over 4,000 tonnes. Similar disastrous falls in pro-

duction were seen in antimony and gold. The only bright spark was a growth in bismuth production from 53 tonnes to 215 tonnes.

Unilever, Rowntree and the Comibol was in a production crisis which was magnified by the indifferent prices that it was getting for its ores. When things were at their blackest help came in the form of the so-called Triangular Plan under which the U.S. and West German governments and the Inter-American Development Bank loaned \$37½m. for a rescue operation.

The Plan was by no means as successful as its progenitors hoped it would be. It was able to finance some capital re-equipment but it did not run to the sort of social investment which would have allowed the employees of the corporation, notably the face workers, to achieve that standard of living conditions which might have persuaded them to give up their extreme, and one must add justified, militancy.

## Dangerous

Working in often dangerous and always unpleasant conditions at heights of up to 15,000 feet above sea level, the miners were understandably keen to hang on to any privileges that they could.

Despite difficulties in the 1960s Comibol started climbing back. In spite of a month's strike at the principal mines in June it reached its target of producing more than 20,000 tonnes of tin, with correspondingly satisfactory results for the other metals and for cadmium, a metal which Comibol first began to produce in 1969.

The improved production results, combined with better prices for the products, enabled the corporation to turn its back on the \$11m loss of 1975 and turn in a modest profit of just over \$4m. on total sales of more than \$200m.

International tin prices which had during 1975 been on average less than \$3 a pound recovered to an average of \$3.38 during 1976 and to \$3.75 during the first

offices will be set up as intermediary stages toward branches.

Banks like Citibank are heavily geared to servicing the public sector, which occupies two-thirds of Bolivia's economic activity. The banks' best business is in syndicated loans to the Government and the State corporations, although a lot of business is also done with private mining companies and in export finance for commodities such as sugar. Bank America manages more or less to balance its public and private sector operations.

In order to make an entry into the foreign banks' business preserve, locally owned commercial banks have formed a pool called Unión de Bancos Bolivianos, which has produced several consortium loans, among them one for wheat import from the U.S.

A fundamental weakness of the system remains that the bulk of business is short term. But some bankers believe it will change as the present growth continues.

The first independent investment bank, Banco de Inversión Boliviano, is being set up by U.S., Bolivian and Canadian partners to channel in medium term money from abroad, and is currently awaiting a go-ahead from the Central Bank.

The Government meanwhile is studying how it can better regulate and use the bank system as a whole, and is considering the setting up of a kind of financial institution, also has the task of reinforcing the capital base and reserves of the bedeviled state banks. Working the system to the sophisticatedness of secondary markets is a long time, and it will even longer before Bolivia's such things as a stock exchange.

One important innovation that may be on the way, however, is the setting up of a National Development Bank, to fill a financing gap in the step-up of new projects.

مكتبة الاميل



BOLIVIA V

Bolivia has traditionally suffered the erosion of its frontiers by its neighbours and with only a small army its problems now are as great as ever. In addition there are worries of war breaking out between Chile and Peru.

Foreign policy

THE JOB of formulating and executing the foreign policy of Bolivia is hardly one to be envied. A geographically large but poor and underpopulated country, Bolivia has throughout its history suffered the erosion of its frontiers by all its five neighbours. To-day, with less than 5m inhabitants, a very small army and potentially hostile neighbours, the problems it faces are as great as they have ever been in its history.

Peruvians face each other is only about 100 miles wide and much of that is extremely mountainous. The assumption is that either side would find a strategic justification for trying to outflank the other by marching through, or flying over, the mountains. With a small and poorly equipped army the Bolivians are justifiably anxious that the war clouds over their neighbours should be dispersed for good and all.

will eventually come up with its own realistic options. In the interim, the more realistic of the Bolivians understand that access to the Pacific will not, as has sometimes been represented, be a panacea for all Bolivia's economic problems. General Juan Lechin Suarez, former ambassador in London and now minister for Planning and Co-ordination, remarked in an interview that he felt that one of the main pillars of the present government's policies was an increasing emphasis on access to the Atlantic.

If only Bolivia can improve communications with Argentina and, more especially, with Brazil, a great deal more trade could flow. At present Bolivia is selling most of its oil and all its natural gas exports to Argentina. There are hopes that when the iron ore deposit at Mutin in the far south-east of the country is developed or shipped down the River Paraguay to Argentine steelworks, the British consulting firm of Livesey and Henderson is at the moment undertaking a study of the feasibility of such river traffic.

Expand

As an indication of its desire to expand its relations with its neighbours to the south-east Bolivia is a member of the River Plate Basin Agreement which includes Brazil, Argentina, Uruguay and Paraguay and of URUPABOL, a grouping of Bolivia, Uruguay and Paraguay, both aimed at improving international co-operation on the infrastructure and communications of the region.

The neighbour which has had most influence on Bolivia, politically and economically, has been Brazil. Brazil, with its huge population and territory, has had a big impact on the thinking of General Banzer. Brazil's desire for rapid growth and its policies of favouring private enterprise and State capitalism over the immediate interest of the workforce is reflected with some faithfulness in the corridors of the ministries in La Paz. An Argentine economist in La Paz remarked: "I feel that Bolivians are closer to Argentina but they feel that Brazil can offer them more."

responsibility for manufacturing various ranges of goods among the members of the Pact of General Juan José Torres—which represents perhaps Bolivia's only hope of acquiring financial assistance and help with loans from the World Bank and the Inter-American Development Bank to military training and help with security.

The visit to La Paz last month of a high-level Andean Pact mission, led by the Pact Co-ordinator, General Luis Barandiarán, signalled the acknowledgement by the Pact that Bolivia had been the country which had received least benefit from its membership of the organisation, a thesis which was presented to General Barandiarán in no uncertain terms by General Lechin.

Solution

The proposed solution, concerted assistance for the strengthening of Bolivian business with financial and management expertise from within the Pact and without, together with support for Bolivia's international marketing strategies, should, if carried out promptly, assuage Bolivia's discontents.

General Barandiarán also held out the prospect, which could well be fulfilled, of the Andean Pact as a whole becoming a fast growth area. Outside the Latin American region Bolivia's closest relationship is with the U.S. Washington has in the past been a good friend of the Banzer Administration, which it regarded as

As far as the European Community is concerned, its importance as a trading partner has dropped since the days when Britain was the importer and refiner of most of Bolivia's tin ores. Nevertheless, France has tried to improve its relationship with Bolivia with visits by General de Gaulle and M. Giscard d'Estaing; and Germany, which in the past sent thousands of emigrants to Bolivia, including General Banzer's own parents, and which helped to train the first modern Bolivian army, is still a big market for Bolivia's minerals and a source of much plant and technology for the mining industry.

Comibol

CONTINUED FROM PREVIOUS PAGE

miners realise what management is attempting to do for them they will care less about the politics which have been their passion for much of this century. Comibol, he claims, already had to carry a heavy social burden in maintaining unremunerative mines and in providing the social infrastructure for isolated mining communities. This includes subsidised company stores, cinemas, football fields and medical facilities. Faced with a big shortfall in its cash flow because of low export prices, rising costs of imports and a very big inventory, Comibol was often unable to meet its commitments to its suppliers. Under new management and with the help of a number of foreign loans the financial situation is now under much better control.

H.O.S.

H.C.S.

BANCO BOLIVIANO AMERICANO

FINANCIAL INSTITUTION ESTABLISHED SINCE 1957

BANCO BOLIVIANO AMERICANO (in the heart of South America)

We are a bank who can introduce you and help you in Bolivia, a country with vast natural resources and enormous possibilities for businessmen who wish to work in a country where there is absolute freedom for investment and social and economic stability.

Perhaps it is not known that the Bolivian "Peso" is one of the most solid and stable currencies in Latin-America; it has been devalued only once since 1957.

The monetary exchange is absolutely free in Bolivia and there is no restriction whatsoever on anybody freely buying or selling foreign currency. The free convertibility of our local currency is one of the facts that is helping the country to maintain a reasonable and steady growth.

BANCO BOLIVIANO AMERICANO can guide businessmen in becoming acquainted with Bolivia and inform them of the opportunities in industry, mining, agriculture, etc.

Throughout the last 20 years an economic miracle has taken place in this country which is located in the heart of South America. 20 years ago, Bolivia traditionally imported sugar, rice, cotton, lumber, meat and other agricultural products. Today Bolivia has become an exporter of these products. Its Balance of Payments reached the figure of \$US. 700,000,000. by the end of 1976 and the forecast prepared by the Government estimates a reasonable increase in the years ahead.

BANCO BOLIVIANO AMERICANO, with its main office in La Paz, and branches in the cities of Cochabamba and Santa Cruz, has the necessary elements to co-operate with a person or a company which is interested in the vast possibilities offered by this country—endowed by Mother Nature with an incredible diversity of natural resources. We are in the position to assure that Bolivia possesses a human element of the highest quality.

Its people who are well-known to be hard-workers, devoted and proud miners, excellent farmers and men and women of the cities, and are the true strength of Bolivia. This country needs the forward thrust of the businessmen of the world, anxious to make profitable investments in this country.

Come to Bolivia and convince yourself of its fabulous potential. We will be glad to help you!

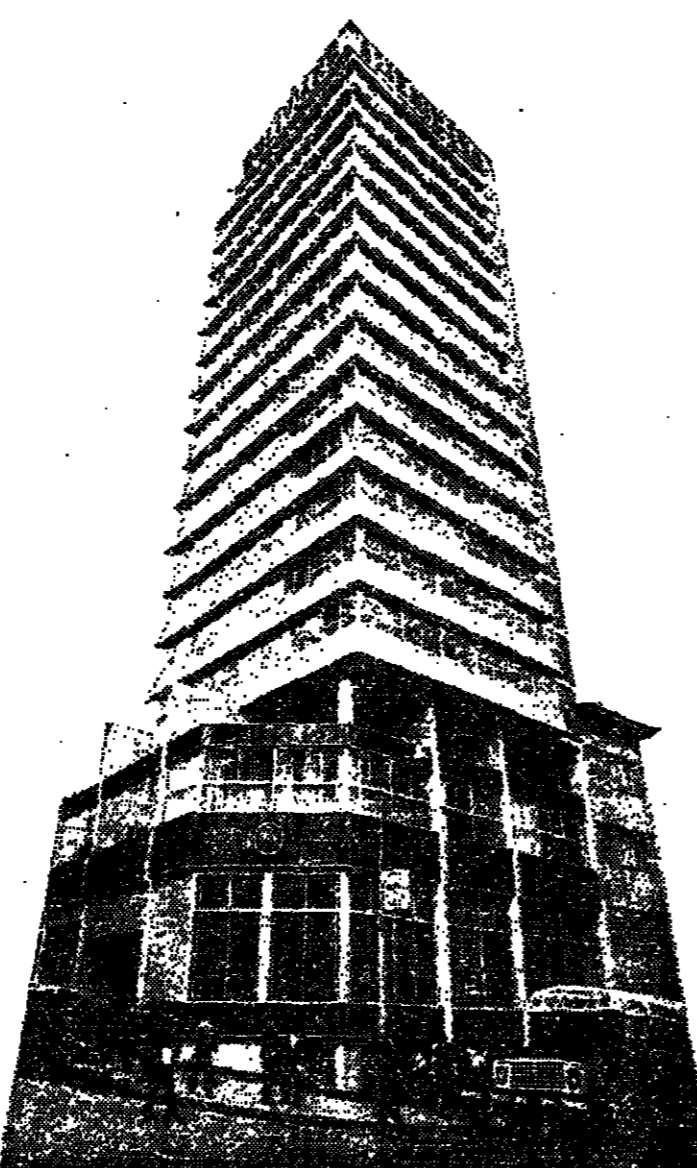


Table with financial data: ASSETS ACCOUNTS, LIABILITIES ACCOUNTS, PROFIT AND LOSS STATEMENT. Columns include DECEMBER/74, DECEMBER/75, and JAN/JUNE/76.



President: Mr. Luis Eduardo Siles. Vice-President: Mr. Genaro Levy Siles. Executive Vice-President: Mr. Dieter Wittig. Vice-President of Operations: Lic. Atilio Lirusso. Commercial Vice-President: Mr. Oscar Parada P.



Administrative Manager: Mr. Hugo Belmont Arias. General Accountant: Mr. Luis Guzmán Agudo. Directors: Lic. Bernardo A. Fleschler, Dr. Fernando Rojas, Mr. Hugo Villegas, Lic. Carlos Prieto, Lic. Enrique Gumucio.

# BOLIVIA VI

Like many developing countries, Bolivia has a vulnerable economy — and a wealth of under-used mineral resources. Although it has suffered from world recession, it seems set fair to take full advantage of recovery, and it now has ambitious plans to develop its own processing plant.

## Changing mineral wealth

THE LABOUR crisis which broke out in Bolivia's mines in the middle of last year appears to have been overcome, partly by force and partly by negotiation. But the relative calm that has existed since then has not diminished a range of other problems facing the mining industry, on which Bolivia's economy still largely depends.

The principal tin mines have been under army occupation since June, when the Government moved in against a general strike and political protests sparked off by the murder of ex-President Torres in Buenos Aires.

The state of siege in the mines brought home once more the explosive combination that Bolivia keeps underground—its vital minerals and a permanent centre of unrest. Part of June's events appear to come straight from Zola's 19th-century mining novel, *Germinál*. In the huge Siglo XX tin pit, declared "free territory" by the strikers, miners' wives joined the campaign underground. One of them, Sra. Domatila Chungara,

who before had sold savoury pastries outside union headquarters, gave birth to twins inside the mine shaft. She was afterwards arrested.

The confrontation was defused more smoothly than might have been expected. Although there were violent incidents after the troops had moved in, the operation was carried out virtually without injury. The unions were closed down completely and their remaining leaders held. Some have since been exiled or sent to other parts of the country, some are still detained at a political prison near La Paz's Viacha railway junction, but others have been released.

Elections were held, by all accounts freely, for miners' committees to negotiate demands with Comibol, the State mine company. Wage increases of 22 to 30 per cent. have been accepted, although these were lower than the unions had at first requested. Comibol committed itself to a programme of extra schools, health, housing and recreation

facilities costing \$8m. last year and \$15m. a year until 1980, and promised to review its company structure.

But one significant element of the labour troubles was that for the first time they also hit the private mines, smaller units left over when the properties of the three "tin barons" were nationalised in 1952. The so-called "medium mines" had previously had a fairly good labour record. Although their strikes lasted only from one to four days, compared with a fortnight in the biggest mines, they added to a growing feeling of precariousness among some of the smaller operators.

On the international front, the sharp recovery in the price of tin to over \$4 a fine lb has tended to disguise the fact that production at home has been stagnating. Output of tin, for 60 years Bolivia's main export, will probably be just below the traditional 30,000 tons. The State mines last year are thought to have fallen 1,500 tonnes short of their 18,000 tonne target, and may fall short of their 23,000 tonne projection this year. The medium mines expect to increase tin output by 10 per cent, following a 1 per cent drop last year.

Neither the State mines, burdened by a political and social function which debars them from closing down unprofitable operations, nor as a rule the medium mines, nor the 6,000 or so "small" private and co-operative miners have been able to explore far ahead of themselves. Bolivia's underground tin mines bear some of the world's highest costs, and these have been sharply increased since the 1973 oil crisis by a threefold price increase on many types of machinery, nearly all of which has to be imported from the U.S. Comibol puts its production cost—the highest—at \$3.72 per pound, although some experts believe this may be slightly exaggerated.

Foreign shareholders have important stakes in two big tin companies, Comsur, which also produces antimony, lead and zinc, and Fabulosa Mines Consolidated. A gold mining venture, Camino Gold Mines, yet to start producing, is being mostly financed from Canada, while Metal Traders has a 100 per cent. antimony subsidiary, Churquini Enterprises. Other foreign companies are expected to qualify shortly for a medium mine bracket.

Medium miners have been able to exert considerable leverage at a national level, and internationally through Inter-

national Mining's Sr. Carlos Inurralde, who has represented Bolivia at the International Tin Council and was also a founder of the tungsten producers' cartel.

Nevertheless, private operators feel they are placed at a serious disadvantage by the Government. They have to follow Comibol's lead in bearing social and infrastructure costs, which in Comibol's case are now running at about \$22m. a year split between schools and other facilities such as hospitals. These are expensive, and the bigger private mines choose to run their own health service rather than subscribe to the Government's, which is poor. Most mines are in remote, barren locations. With a couple of exceptions, like New Jersey Zinc's Caballo Blanco operation a few miles outside Potosí, workers all have to be housed on the site, and the cost of accommodation becomes a big factor in deciding the viability of a new mine.

Miners also feel they are bearing an excessive tax burden. As distinct from most other businesses, which are taxed on profits, minerals are subject to a system of export royalties, payable in cash at the moment goods cross the border. This means that taxes have to be paid before an assignment reaches a sea port, since Bolivia's ports are in Chilean territory. Goods can often be laid up unsold for months at

### Excessive

With a much trimmer labor force — 7,500 for the medium miners' 25 per cent. of the business, against 24,000 for Comibol's 65 per cent. — the private sector does not suffer the same scale of costs that besets the State mines. In mines with small capital resources are nonetheless under considerable cost pressure, or some may fold this year. Conditions for mineworkers in the smaller operations is a medium bracket are acknowledged to be extremely grim.

### Margin

In 1975, the lack of a margin over costs forced some of the smaller mines out of business, including the only copper mine to be included in the "medium" bracket, Chacarilla, which until then was Bolivia's second copper producer.

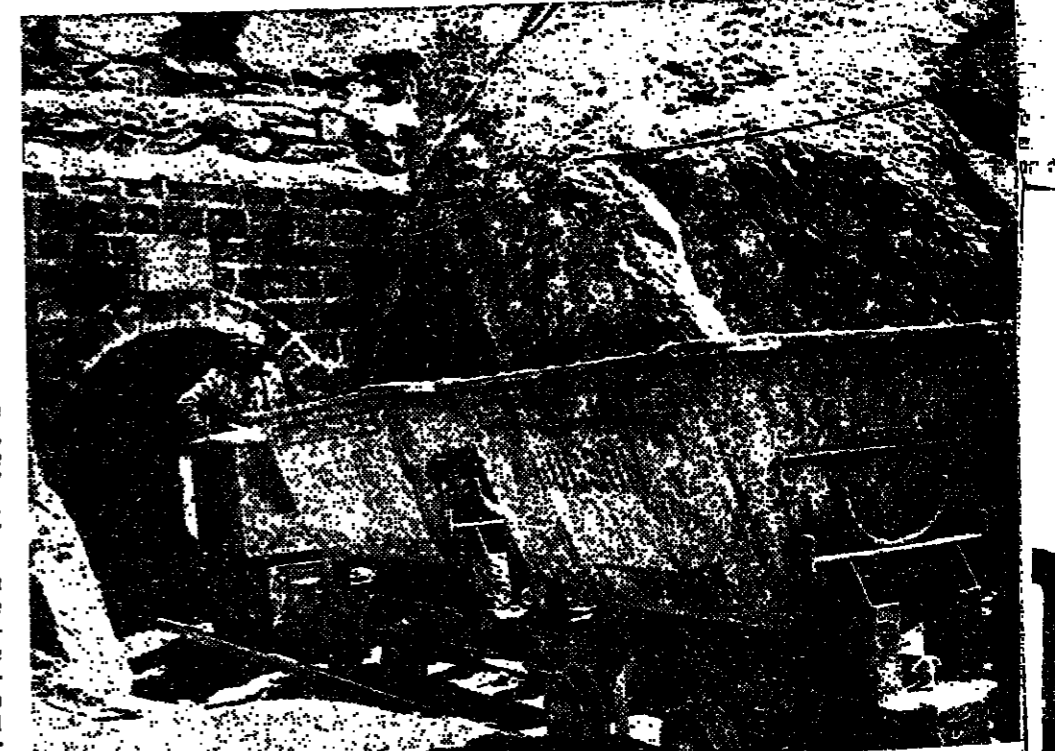
Some of the tin has been running out, and there have been no really big new discoveries, although the State company has plans for an open-pit next to its depleted Siglo XX mine, which it is hoped will extend the area's activity for another 24 years, and a smaller privately-owned site is being developed nearby. It may be that President Paz Estenssoro's rather premature statement the year after the 1952 nationalisation—"It seems we are coming to the final tin cycle"—is beginning to come true.

However, the exploration effort is being stepped up. The State sector, which at the same time is engaged in modernising its mines to bring them into line with the more efficient big private operations, has announced overall spending of \$112m. in minerals this year, including \$17.8m. in concentration activities, while the medium mines, which produce a quarter of the country's minerals, plan to invest \$21.7m. In the sphere of the small miners, the State-owned Banco Minero, though recently in deep water, is expected to plough in \$1m. of finance this year, including \$9m. of World Bank money.

In order to reinforce the tin sector, Comibol is negotiating a joint venture with London Tin Company, in which the Anglo-Malaysian group would hold a 55 per cent. majority. The \$10m. project, Playa Verde, will be Bolivia's first alluvial tin venture, making use of London Tin's experience in the field in Asia.

More joint ventures with foreign companies may well follow this precedent. There is talk of lead, zinc and silver mining projects and a bismuth smelter and refinery being developed in conjunction with U.S., West German, and Japanese groups.

So far the biggest injection of foreign money comes from New Jersey Zinc of the U.S. in a 50-50 joint venture with private Bolivian capital, which has invested an estimated \$8m. in a zinc project and is putting a further \$20m. or so into tin, due to start production by the end of next year. Its zinc venture comes into full production this year, and the medium mine sector's zinc output will double as a result to some 30,000



Tin mines, like this at Oruro, are a major prop of the Bolivian economy.

## Prospects are good

BOLIVIA IS a mineral rich country. Apart from being the second biggest tin producer in the world, it claims to be the biggest single producer of bismuth and an important supplier of several other "minor" metals such as antimony and tungsten, as well as having resources of silver, copper, lead, zinc and iron. In addition the mineral resources include oil, phosphates, and asbestos.

The main problem in the past has been not only locating the economic deposits, known to exist, but also to organise their exploitation in an efficient and profitable manner.

However, the general concern in the world about the decline in available minerals, needed in increasing quantities as industrialisation spreads and living standards rise, has provided a new impetus to efforts everywhere to make the most of natural resources. Extra incentive has been given by the general rise in price levels during the last commodity boom, which highlighted, together with the oil crisis, the dependence of the industrialised world on raw materials, supplied mainly by developing countries like Bolivia.

Despite political differences, the prospect of raising the huge sums required nowadays to exploit mineral resources, there appears to be plenty of

co-operation and assistance available to Bolivia in the task of diversifying away from too much dependence on tin into other metals and minerals.

Various exploration ventures have been arranged in conjunction with the UN, the World Bank and the U.K., West Germany and the U.S., to examine possibilities over a wide range of areas and minerals. At the same time programmes are in hand to try and improve the structure of Bolivia's mining industry, which has been wasteful of natural resources in the past, with small-scale mining often unprofitable circumstances falling to make the most of high-grade ores. There are estimated to be over 5,000 small mines, of which some 3,000 are being worked at present, but it is hoped that a detailed inventory of these mines by Geobol (the Geological Survey of Bolivia) will help to decide the possibilities and cost involved in rationalising groups of small mines into larger and more efficient units.

Technical and financial assistance from foreign companies and countries is also being encouraged in the processing of the mineral resources to be exploited. Apart from expanding tin smelting facilities, there are also ambitious plans for the development of new smelters for copper, lead, zinc and silver, as well as antimony and domestic smelting of bismuth from one of the few bismuth mines (it is usually produced as a by-product) in the world.

On a political level Bolivia has been playing an active role in the World Tungsten Producers Association, which has been seeking to ensure a more stable market compared with the volatile price movements in the past.

However, moves with the UN Conference on Trade and Development for international agreement on tungsten between producers and consumers has made little progress despite several meetings.

Producer enthusiasm for tungsten price stabilisation measures is not great at present since world market values have been rising steadily, although the economic recession has hit other metals so badly.

With a general recovery of the prices of the other metals produced by Bolivia and industrial activity picks up worldwide, prospects look good for the Bolivian mining sector as it expands output of the materials that are likely to be in increasing demand. But it will take a long time yet to reach a great deal of money, to reach anything like the country's potential.

John Edward

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It is undeniable that in the last decade, Latin America has advanced and grown, principally in its feeling of "Latin Americanness" which tends towards practical and operational interdependence. Latin America will become again a "great company".

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مكتبة الاصل

BOLIVIA VII

# The smelting revolution

BOLIVIA IS in the middle of an industrial revolution which started a decade ago when the country began to make plans to smelt the bulk of its own tin ores for the first time. By the middle of the next decade Bolivia should have transformed itself from a producer of ores and concentrates to a producer of finished metals. The importance of this change to the economy can scarcely be over-estimated.

The chosen vehicle for putting into execution the smelting of Bolivia's non-ferrous ores is the Empresa Nacional de Fundiciones (ENAF) which was created under the Government of General Rene Barrientos in 1966. Four years later, in September, 1970, ENAF's first tin smelter came into operation at Vinto, a few miles outside the tin mining centre of Oruro.

In its first full year of operation, 1971, it produced 1,814 tons of high-grade metal for export, which brought in nearly \$24m. In 1975 production had risen to 7,505 tons, which was sold at the much better price of \$51.5m. Vinto at the moment has the capacity to process up to 20,000 tons of metal from high and medium grade ores. Work has already started on a big \$48m. extension to Vinto to allow it to cope with low-grade ores, from which, by January, 1978, it hopes to be able to produce a further 30,000 tons of tin. Thus, by the end of the decade Bolivia should have the capacity to transform into tin all the ores it now exports and do away with its present reliance on refineries in Britain, the U.S. and elsewhere.

As ENAF has built up its refining capacity so it has built up its own store of technical expertise. While at the beginning of its life it was merely a buyer of what is considered the best foreign technology it could find, it has slowly expanded its own radius of action so that it is now able to direct plant contractors as to which processes to use. Sr. Jorge Lema Patino, the technical director of ENAF, says that his corporation has now been able to make substantial adaptations and improvements to smelting techniques to adapt them to the high altitudes of Bolivia.

The wheel, it appears, has turned full circle since the days of the early 1800s when the

world's experts on tin smelting met in La Paz to lecture the Bolivians on the reasons why it would never be possible to produce high-quality tin at 12,000 feet.

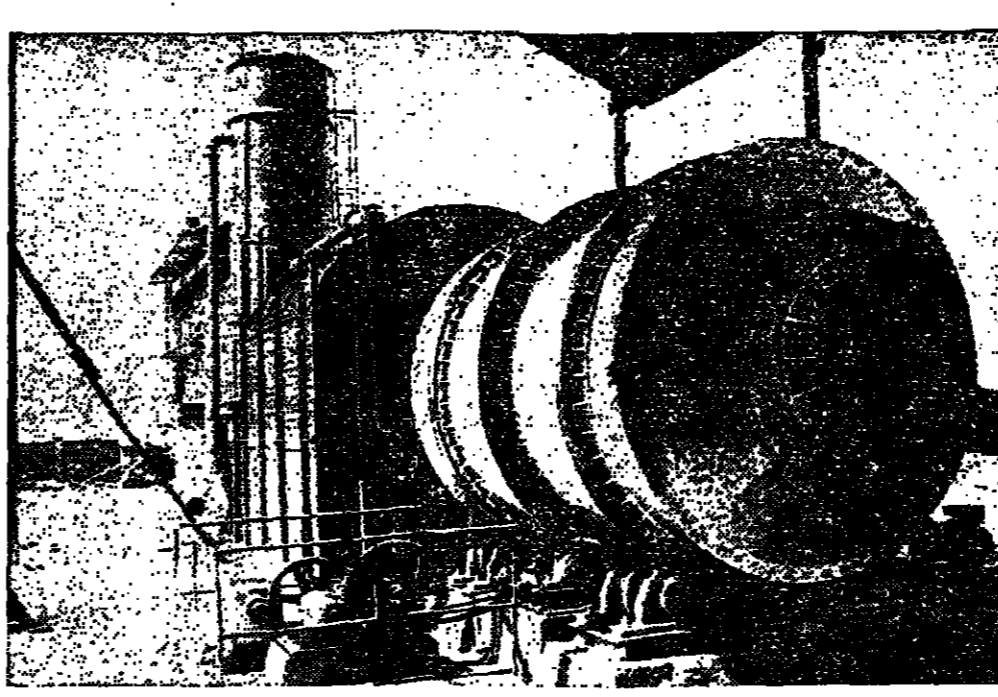
ENAF is not, however, limiting itself to processing just tin when Bolivia produces a great variety of other ores. Later this year the corporation is to sign a contract for a \$9m. plant to produce tungsten powder and tungsten. This plant, which will be set up by ENAF in conjunction with International Mining, expects to be producing at the rate of 2,450 tons a year at Vicho, close to La Paz, by the beginning of 1980.

Later this year too the green light should be given for one of the biggest of ENAF's projects, that for the building of a \$100m. silver and lead complex somewhere in the relatively neglected department of Potosi. ENAF's partner this time will be the State mining concern Camibol, which operates the mines from which the ores will in great part be taken.

The aim is that by August 1980 the plant should be ready to produce 21,000 tons of lead and 180 tons of silver a year. As a further boost to the economy of Potosi, the Government has decided to locate near the silver-lead smelter ENAF's ventures—which it may well attempt in conjunction with private capital—the building of a \$225m. zinc smelter. The feasibility study has been entrusted to the West German Klockner concern, which had a hand in the establishment of the first tin smelter in Vinto. The problem that still has to be sorted out before the zinc smelter plan can go ahead is what is to be done with the large quantities of sulphuric acid which will be produced as a by-product. In any case the zinc plant would not go into production before 1983.

The third component of a metallurgical complex in Potosi is expected to be a \$28m. antimony plant to produce 5,000 tons of metal by about the same date.

At a site somewhere in the Department of La Paz, ENAF expects to start its first experi-



A rotary kiln, used to treat low-grade tin ores, in Comibol's plant at Oruro.

ence in smelting copper. The Japanese Dowu concern is drawing up a feasibility study, and the aim is to be turning out an initial 10,000 tons of fine copper at the beginning of 1981, with the option of extending this to 20,000 tons a year after the first five years of operation.

ENAF's ambitious smelting plans are rivalled only by those of another State company SIDERSA, which was set up by the Banzar Government in 1973 to establish a steel industry in Bolivia, taking advantage of the almost limitless supplies of iron ore of good quality to be found in the far south-east of the country at Mutun on the upper reaches of the River Paraguay. SIDERSA's 38-year-old managing director, Colonel Carlos Morales, a chemical engineer, says that his target is to be able to produce 3m. tons of sponge iron and 300,000 tons of flat products a year by the end of the decade.

The problems in meeting this deadline are enormous, but the young colonel is an optimistic person. Though there is little doubt about the quality of the Mutun ore—it averages 64 per cent iron content, according to SIDERSA—the total lack of infrastructure around Mutun is frightening for any entrepreneur. A feasibility study is now being completed by the U.S. consultants McKee, with help from among others the British firm Livesey and Henderson. It will determine whether natural gas or other fuels will be used and whether the steelworks will be put on the Mutun site or the ore brought out to a works sited somewhere else.

An important set of considerations for the success of Mutun will be the attitudes of buyers in the two principal export markets, Brazil and Argentina, since Bolivia in its present state of development is obviously unable to absorb the whole Mutun output. If Colonel Morales' estimates are right about a third of the production will be sold to the two countries. "Given the gigantic nature of Brazil's plans for steel production that country by itself should have no difficulty in absorbing all the sponge iron and products that we could offer them," he says.

## Record tin prices

THE REMARKABLE turnaround in the world tin market in 1976 from a situation of heavy surplus supplies and depressed prices to the present scarcity and its record prices has rescued the Bolivian tin industry from a parlous state. The world's second biggest producer of tin after Malaysia, Bolivia is particularly vulnerable to any setbacks in the world market since it is the highest cost producer and therefore at a considerable disadvantage vis-a-vis cheaper competitors in other producing countries when a surplus supply situation exists.

Extra pressure was put on the industry by the need for severe export cutbacks imposed by the International Tin Council as the only means of preventing the market price from falling below the International Tin Agreement "floor" price level in London, where they have despite support buying pursues of over 20,000 tonnes by value of sterling, but world-wide, so that even Bolivia is reduced exports and stockpiling making handsome profits at this stage. But the memory of the further pressure on production depressed period lives on especially in Bolivia.

At the moment the outlook seems set fair for tin producing countries generally, with consumption outstripping production following the boom in demand for tin during the past 12 months that has cleaned out the holdings of the Tin Council's buffer stock completely, and apparently exhausted all the surplus supplies available elsewhere in the world, with the notable exception of the U.S. strategic stockpile. Prices too have rocketed advantage in a spectacular manner to all-

ways could make a mockery of the purposes of the Agreement over the years has been to give some protection to producers, especially Bolivia, from the harsh impact of market forces and there will certainly be great pressure from other developing countries for Bolivia not to torpedo recklessly the only international commodity pact that has been able to operate effectively for over 20 years.

But Bolivia is taking a hard line, bolstered by the current scarcity of tin supplies, and poor production prospects worldwide, as well as its own lesser dependence on tin exports now that the recovery from tin ore, notably oil, are adding to the wealth of the country to a much larger extent.

At the same time Bolivia is well advanced in plans to reduce its dependence on exports of tin-ore concentrates for smelting in other countries, notably Capper Pass in Britain. It was recently confirmed that ambitious plans are going ahead for domestic smelting of all its tin-ore concentrates by 1979. The Vinto smelter on the Altiplano has already been expanded from an annual capacity of 7,500 tonnes to 11,000, and is going to be increased in two further stages to 18,000 and then 20,000 tonnes.

### Planned

In addition a new plant to smelt 10,000 tonnes of low grade ore produced by the State-owned mining company, Comibol, is to be built at Potosi. So the Vinto smelter has come on stream as planned and worked efficiently. Naturally Bolivia hopes that producing more and more of its own refined tin will add to the wealth and employment opportunities in the country.

Meanwhile the search for new deposits continues in the general survey of the country's mineral resources. Investment from other countries is being actively encouraged by the Bolivian Government, which has already attracted the interest of West Germany and the Soviet Union in expanding its refined tin output. At the moment production for the tin industry look extremely bright with the other main producing countries facing considerable problems in raising their output to meet the growth in demand.

But little account has been taken so far of the impact of substitution if tin prices rise too high, and if the Tin Agreement were to collapse under political pressure Bolivia would be very exposed to the inevitable setbacks in the world market.

J.E.

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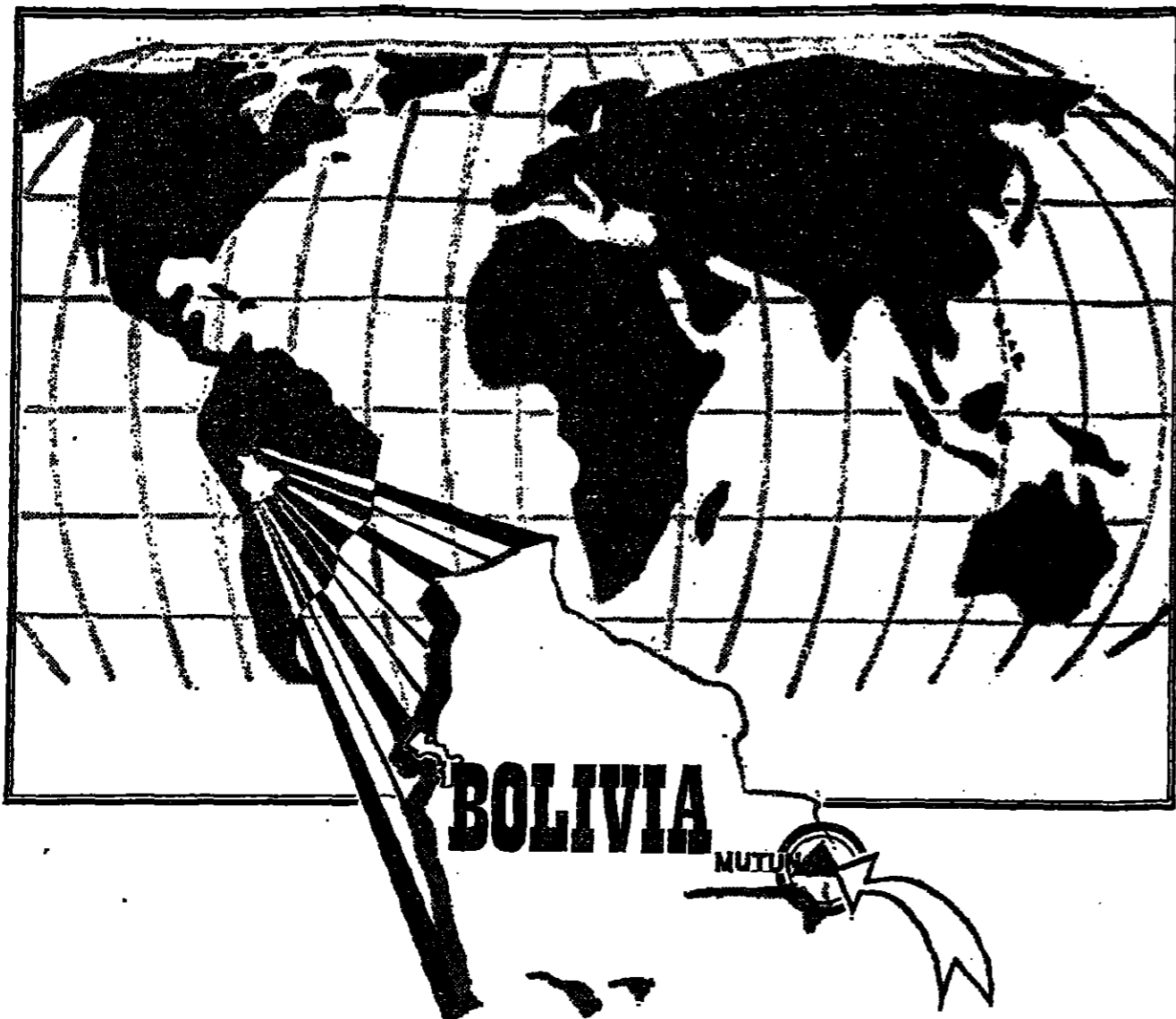


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## BOLIVIA VIII



Bolivia's developing railway system is of growing importance to rural communities.

Bolivia's peculiar topography, combined with relative economic austerity, has long been a barrier to an efficient domestic transport system. Now the authorities hope that by developing transportation they will also bring about an economic improvement.

## Transport grows

NO OTHER COUNTRY in the world presents the variety of transport problems that Bolivia must attempt to solve. Landlocked on one side by the peaks of the Western Cordillera, its terrain slopes down through isolated semitropical valleys to rough savannah and finally to dense equatorial forests. Add to this Bolivia's greatest dilemma—that its agricultural wealth lies under-exploited in its valleys, while 72 per cent of the population live on the Altiplano—and transport is of obvious and crucial importance. Ever since the Spanish began to mine silver at Potosí, Bolivia's commercial development has depended upon its ability to overcome the topography. The Spaniards used llama trains, until the coming of the railways connected the mines with the Pacific ports and Argentina in the closing decades of the past century. Steamers were carried in pieces up to the Peruvian port of Puno and reassembled to form the first fleet of five across Lake Titicaca to the Bolivian town of Guaqui. The line from La Paz to Arica was built by the Chileans as a reimbursement for the ports Chile had taken from the Bolivians, and formed the country's only outlet to the sea. But the Ministry of Transport spokesman points out: "Bolivia's development has always been hampered by two aspects of our transport problems. Our trade was regulated by other countries. The increasing cost of cargo put us at a market disadvantage, as well as raising the cost of living inside the country."

The Five Year Plan includes a very ambitious highway scheme for rural areas that lack communications, and in particular for the jungle province of Beni. Although its capital, Trinidad, is theoretically linked with La Paz by a hair-raising 600-km. road from the Western peaks down through the jungle, farmers are still using expensive freight planes. This year the Ministry has already tendered for the costs of asphalt and bridging the water-courses along the route, with money from the Inter-American Development Bank. They have received \$50m. for completing the first stage. A provincial network inside Beni is also going ahead in stages, according to local investment and potential.

The Government has inserted into its policies a corrective network that it calls a "minimum plan," meaning the least it intends to have accomplished by the end of 1980. A new La Paz-Desaguadero road from the capital to the Peruvian border on the shores of Lake Titicaca is in the final design stage. Engineering studies are finalised in a La Paz-Tambo Quemado road to the borders of Chile, and the Ministry are looking for ways to finance it. They are negotiating the asphalt of a road from Tarija with the Argentinians, to connect with their Route 50, and another road linking Santa Cruz with Yacuiba to the Argentinian Route 34 is being studied. On the same road they plan an offshoot from Boyabita via Fortín Villazon on the Paraguayan border, to run into the Trans-Chaco Highway. They have finished engineering studies on a route into Brazil from Santa Cruz and Corumbá and are waiting for the funds.

For the almost roadless north, they have a scheme for running a highway from La Paz to Puerto Heath and on to Cobija in Pando, the north-west of the country. An extension of the La Paz-Beni road to Riberalta province and is on its way to far-flung Pando. Fr. Dooling Guajará Mirim is underway; but progress is in stages because of the enormous amount of territory it has to cover.

The Ministry of Transport is also trying to consolidate the country's transport backbone, the trunk road that links La Paz-Oruro-Cochabamba-Santa Cruz. The La Paz to Oruro section and the Cochabamba to Santa Cruz section have been finished for several years; the Oruro-Cochabamba axis is an immediate task. Beyond Oruro, they have managed some 220 km. of a link to Potosí and Tarija in the south. As well as these main roads, supplementary connections to bring in new areas are planned, as well as an access network for farmers to these secondary roads in agricultural areas. In effect, by putting the lion's share of the national budget which makes up nearly three-quarters of the country—with other transport, this Government will be the first—if it will be funded by internally, completes all its schemes—to local investments, and some assistance from U.S. aid from long-term viewpoint. But it has a long way to go. The Bolivian stretch of the Pan-American highway is still by far the worst; entering the country at Desaguadero in Peru, its quality declines to that of a dust road between Potosí and Tarija, before entering Argentina. The Ministry have studied the Carretera Panamericana and will be asphaltting the worst section soon. Perhaps their most important new road will be the Carretera Interocéánica, designed to link the port of Africa on the Pacific with Brazilian ports like Santos, via Tambo Quemado, Cochabamba, Santa Cruz and Corumbá.

### Difficulties

Meanwhile, you have only to take one of the country buses from La Paz to realise how exhaustive a task the Ministry of Transport have given themselves. Heavy flooding often makes the roads impassable; it is not unknown to find passengers getting out to look at the result of a nasty accident on a hairpin bend. Bolivians travel by train if they can afford it; many cannot.

The Obras Sociales de Caminos de Acceso Rurales (OSCAR) is a completely voluntary road-building scheme. Beside the San Francisco church in La Paz, its ebullient founder—Fr. Michael Dooling, a naturalised American—attracts students from La Paz University to his office and sends them off with picks and shovels to help rural communities build their own access roads. Each village helps with the hard work of providing a road halfway to their community and halfway beyond. The students work in two shifts, studying six hours and then roadbuilding for another six.

Seven years of very hard work have brought in a fleet of tractors, all the fuel they need and paid professional experts by way of help from the Ministry. So far OSCAR has covered 160 km. in the north of La Paz province and is on its way to far-flung Pando. Fr. Dooling sees the scheme as giving students "an area of constructive involvement with their country's own problems." But with 130 boys starting on a fresh year's building next month, he still doesn't know where to get the funds for their keep and equipment.

The rehabilitation of the National Railway Company, the ENF, has been one of the Ministry of Transport's success stories. For the past two years it has made a profit and needs no more subsidising. Using \$5m. from the Inter-American Development Bank, it bought new goods wagons, improved maintenance yards and began the change from steam to diesel—much cheaper and more logical for oil-producing Bolivia. In 1975 the ENF borrowed a further \$23m. in order to complete its new rolling stock and also restructure its personnel and administrative training schemes. From General Electric of Brazil and the U.S. it bought two groups of locomotives for \$4m. on the domestic flights to the Oriente, the flat eastern part of the country. Japan and Germany supplied 17 specialist diesels designed for the highland mountains of the Altiplano and their hairpin bends. The General Electric engines have just begun to operate in Santa Cruz. Travelling by train used to be risky for travellers as far as dates were concerned. Now the excellent and cheap "ferrous service to Cochabamba has to be booked a week ahead. But the average speed is still around 30-40 km. an hour, and the aim of the ENF is to renew rail tracks, welding and sleepers. This would increase maximum speed to 100 km. per hour and give a new image to the rail system. They are awaiting an answer from the World Bank on their application for a loan.

### Airports

A new airport and runway for the oil and agriculture central Tarija, will cost \$4m. Riberalta in the extreme north is being considered for political reasons. Flying a plane, Patiflox, pointed out, is a thing but easy in Bolivia; so of the old cargo planes can rise above 12,000 feet, which means dodging between peaks of the Cordillera using a compass and stopwatch, to clear them on bad days. transport whether by LAB, by the Bolivian air-force, accounted for 25 per cent. total cargo shipped in 1976 compared to the railways' per cent. and a mere 0.4 per cent. from river transport. LAB is already taking cargo from Montevideo to Miami, also takes cargo one-way to Miami to Santa Cruz, trying to make the traffic two-way is current objective. It is working on the question with the Chamber of Commerce in La Paz, also on the possibilities of routes to Germany and the U.S. For these routes, the new became essential. Meanwhile, while it made a profit of \$11m. on international flights in 1976, it lost a total of \$4m. on the domestic flights to Trinidad, Santa Cruz, Cochabamba and Corumbá.

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مكتبات الاصل

BOLIVIA IX

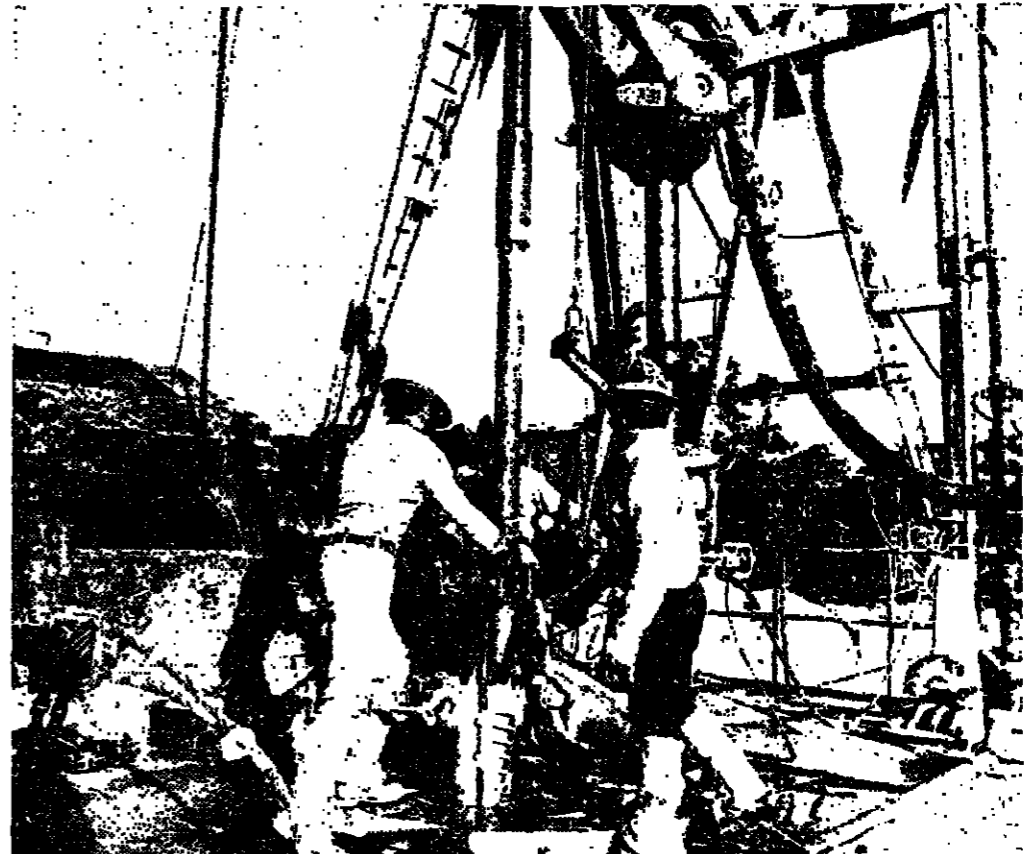
Although not a big producer, Bolivia pins a great deal of its hopes and plans for the future on its oil. But the current expansion of the exploration programme will need to bear substantial fruit if production targets are to be achieved.

Search for more oil

ONE BIT of pie in the sky that from the State-owned wells of Bolivia reserve for itself is oil. Yacimientos Petroliferos Fiscales Bolivianos (YPFB), the Government has pinned a lot of its hopes about how the country will be faring at the end of the decade on the rather uncertain prospect of quadrupling oil production. Oil production has in fact been on the decline since 1974, the year when the rise in world prices gave a sudden importance to Bolivia's exportable oil surplus of 20 million barrels a day. The Government still holds on to predictions that production will reach 180,000 or 200,000 barrels a day in 1980 and that the country's proven reserves will be three times what they are now - 140m. barrels. In 1976 the U.S. Embassy in La Paz punctured Bolivia is not a big producer of oil. Moreover, daily output a minor row at the same time.

by declaring that Bolivia's oil reserves would only last for another five years. After two and a half years of intensified exploration effort by YPFB and foreign contractors, the Government's predictions still appear to be a long shot. But the picture has changed considerably since YPFB has been able to double its reserve estimate at its big Montecristo field north-east of Santa Cruz. Some estimates reckon that this and other new discoveries will add another 20,000 to 30,000 barrels of daily output. YPFB officials restrict their comments to saying that the old reserve figure will soon be upgraded "by a large percentage." Bolivia's oil revenues are also due to increase since the Government followed the middle line of OPEC's new price levels and raised its tag by 7 per cent, backdated to January 1. Bolivia's sulphur-free, premium-price oil earned about \$114m. last year, which was a drop in sales volume was \$1m. less than in 1975. Overall domestic and foreign sales brought the central Government \$39m. in tax revenue. Bolivia exports about 22,000 barrels a day, nearly all to its Latin American neighbours, but the amount may well be lower this year. Bolivians' petrol consumption rose after 1974, and the Government's policy has been to keep the domestic price down - to the extent that it threatens the financial strength of YPFB. Motorists can fill a seven-gallon tank with low-grade petrol and get change for £2. (In Rio de Janeiro the same operation costs about £11.) YPFB has around 200 wells in operation in different parts of the country. Last year it spent \$30m. on seismic work and drilling and will spend another \$30m. to \$40m. this year, a sharp jump from the exploration budget of \$5m. or

helicopter, but not the helicopter Gulf is supposed to have given him), it became the object of Bolivia's second oil nationalisation. It had drilled 231 wells, of which 152 were productive, and claimed to have invested well over \$100m. Between the time the army took over Gulf's installations and the time that compensation (of \$101m. minus 22 per cent tax) was paid, Bolivia had trouble not only with foreign creditors, but also with its oil. In 1968 output was 2.4m. tonnes, with exports of \$28.4m. In 1970, output dropped to 1.9m. tonnes. The latest about-turn in oil policy came with a Hydrocarbons Law in 1972, allowing foreign companies to explore on the Government's behalf for between three and seven years, with exploitation up to 30 years, bearing all risks. The general formula had already been successfully tried by Indonesia and Peru, and has since been remodelled by Brazil. The Government set its demands low, however - minimum investment was set at \$4m.



Drilling operations in the Montecristo field in Santa Cruz department, a new oil source discovered last year.

Companies

The international oil companies have had a bumpy ride in Bolivia in the last 50 years; or perhaps it is Bolivia that has had a bumpy ride from the oil companies. The first law declaring any oil found in the country to be the property of the State was introduced in 1927, but by the time the first indications of oil were found in 1935 it had obviously been forgotten. Standard Oil was the first company to establish itself, and kept a virtual monopoly in the 1920s and 1930s alongside the State, with which it operated partly in a joint venture. In 1937, after Bolivia had lost the Chaco War, fought over an area believed at the time to be oil-rich, Standard Oil was accused of conniving with Paraguay and its 31 wells and two small refineries were nationalised. It was not until after the World War II, and under pressure from the U.S. Government, that compensation was paid.

In the 1950s a much criticised Petroleum Code was drawn up, once more allowing foreign companies in on 55-year concessions, from which the State had rights to minimum royalties of 30 per cent. Two-thirds of the areas awarded had been given back by 1962. Gulf Oil, since accused of giving bribes to the Government, stayed on but in 1969, following the death of President Barrientos (in a

is expected to begin drilling this year or next. Four companies, including the Compagnie Francaise des Petroles (Total) group and Superior Oil of Canada, have already given back their areas. Some others are still active. Union Oil is contemplating its next move, and Sun Oil, which has now drilled in three different areas, is likewise involved in head-scratching.

Reasons

The State company gives two reasons why the foreign prospectors' efforts have been less successful than its own. The first is that it farmed out "wildcat" areas to overseas companies, keeping for itself the areas considered to have a high likelihood of oil, and the other that changes in U.S. tax laws have dampened the amount of foreign investment coming in. The contract model, considered far more advantageous to the country than previous agreements with oil companies, was attractive enough at the time it was brought out to secure 16 contracts, but Bolivia is thought unlikely to have the same response again without greater concessions, particularly

after companies' disappointments in Peru. In February last year, YPFB tried to auction off three areas for prospecting and met with complete failure. The irony of that event was that YPFB decided to go ahead and drill one of the areas itself, and found the Espejos field, now believed to be one of a string of oil deposits. Along with this it has its further discoveries at Monte Cristo and one other less significant find to its credit.

One of the advantages cited in this argument is that it would stem the leakage of qualified personnel from the Bolivian oil industry. As a State sector company, YPFB is subject to a pay freeze. Technical staff who leave to get better salaries can only go to foreign companies or to enterprises outside the oil industry. Everyone is still banking on the discovery of further oil deposits. Refining is being expanded to cope with 45,000 barrels a day, more than Bolivia's total current production, with new facilities at Santa Cruz, and the pipeline from there to Arica—the export route for crude—is to double in capacity from 25,000 barrels to 50,000 barrels a day.

But even if forecasts are fulfilled in 1980, Bolivia will still be a minor oil exporter, as Sr. Salinas points out. It will still not qualify for OPEC. The sad thing about recent oil history for Bolivia is that the price increases since 1973, and their repercussions on the prices of the mining and other machinery that Bolivia has to import, have cost the country more than it has gained selling its oil.

Transport

CONTINUED FROM PREVIOUS PAGE

amba, Sucre, La Paz and other any other route would be too difficult and expensive. A team of British economists, engineers and marketing experts are surveying the river and trying to solve the problems of fluctuating water levels at the moment. Bolivians are only too aware of how their progress has been hamstrung by their peculiar and seemingly insuperable difficulties in carrying products to market. Yet not a month seems to pass here but the Minister for Transport, Senor Antonio Trigo, is opening some new air-ports runway or launching new vehicles. If Bolivian transport were to change beyond all recognition into the harmonious and integrated system Senor Trigo and his secretaries talk of, so would the national economy, they feel.

Elgy Gillespie

HYDROCARBONS - A DYNAMIC SECTOR IN BOLIVIA

YPFB's initiative

Yacimientos Petroliferos Fiscales Bolivianos, the State petroleum company, was created in December 1936, to develop exploration, exploitation, industrialisation, marketing and transport of hydrocarbons.

In 1976, with 4,500 employees, it produced 46,000 barrels of oil per day and 160 million cubic feet/day of natural gas. From this total, approximately 20,000 barrels of crude oil and 150 million cubic feet of natural gas are exported daily.

Hydrocarbon is exploited in three regions of Bolivia: Santa Cruz, Chuquisaca and Tarija. The refineries at Cochabamba and Santa Cruz, which process the hydrocarbons, are currently being enlarged, and it is estimated that by the end of 1978 a total refining capacity of 70,000 barrels/day will be attained in Bolivia.



YPFB's products conform to all the international norms. The oils and lubricating oils produced, cover the needs of the automotive and industrial centres. The domestic market is fully supplied by YPFB, the remainder is exported. In 1978, Brazil, for example, will buy an average of 1,500 metric tonnes/month of liquid petroleum gas, (LPG).

From the economic viewpoint, YPFB is an autonomous company which pays taxes to the State on 19% on its production and 20% on exports. Monthly royalties of 11% are also paid to the three producing regions. Apart from these payments, which amount to 50% of its income, the company pays other indirect taxes, and grants preferential prices for its products within the domestic market. In the last 5 years, the development of the hydrocarbon sector has accelerated the development of the country, promoted diversification of the national economy thanks to new oil discoveries, enlargement of refinery plants, new warehousing plants, enlargement of transport systems, and other works carried out by YPFB.

TAXES AND ROYALTIES

Gross profit in 1975 was \$b. 1,399,044,000. Net profit in the same period was \$b. 654,825,000 (US\$ 32,741,250).

Through royalties and taxes, the company contributed a total of \$b. 1,705,435,000 during 1975 to the State and the producing regions.

Yacimientos Petroliferos Fiscales Bolivianos, in exploiting the country's natural resources, supplies further resources each year which are used to promote Bolivia's national and regional development, and follows the lines laid down in the oil policy of the Armed Forces Government.

During 1976 and as a consequence of this policy, three new oil fields were discovered by YPFB: Montecristo, Espejos and Cambeiti, and the Tita field was discovered by one of the company's contractors - Occidental Boliviana Inc.

These discoveries mean that in the near future, production levels will increase and therefore generate greater foreign currency reserves for Bolivia. These resources will make possible the accomplishment of the development plans of the Armed Forces Government, presided over by General Hugo Banzer Suárez.

RISK CAPITAL Foreign Oil Companies

With the passing of the General Law on Hydrocarbons in March 1972, Yacimientos Petroliferos Fiscales Bolivianos began negotiations to attract risk capital for oil exploration and exploitation in the country's sedimentary basins which cover a total area of 45 million hectares.

From May 1973 to December 1976, YPFB signed 16 Operation Contracts with companies from the

United States, France, Spain and Canada. These contracts cover a total of 15.8 million hectares, a significant contribution to the exploration of the national territory.

What are Operation Contracts ?

The Operation Contract is a simple legal instrument, free from complications, by which the Contractor carries out the exploration and exploitation of hydrocarbons in a determined area at his own risk, by loaning his services.

In exchange for these services, but only in the case of a production find, the Contractor receives in repayment part of the hydrocarbons found. The Contractor's work is constantly under the direct control of YPFB.

The Bolivian model of the Operation Contract is a refinement of a very modern concept, already in full use in oil circles. This concept has already achieved a large degree of acceptance in the oil producing countries, as it is the most advanced formula for the use of risk capital and the big oil companies' technology.

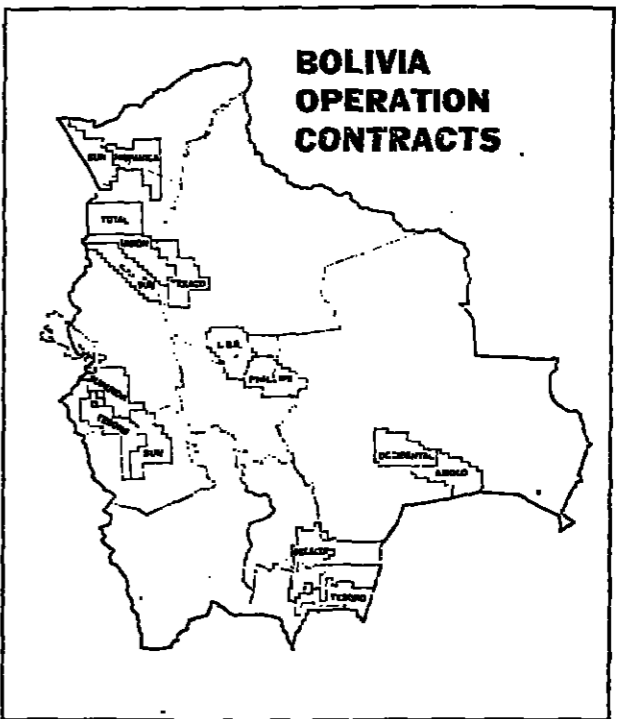
The Bolivian model differs from other similar ones in two important ways: The first is that all the oil- and gas-pipelines are the exclusive property of YPFB. Secondly, an arrangement has been designed as an incentive to exploratory drilling in the development phase, by which inactive areas revert to the State, if drilling is not restarted. This is possibly the newest form of the Operation Contracts.

The reward to the Contractor in the first contract was fixed at 50% of production, but this has been reduced for each Contract to 40% in the most recent ones.

With this new policy set out by the Supreme Government, the hydrocarbons sector is called upon to form the fundamental base of the Bolivian economy, and to be a decisive factor in Bolivia's integrated development.

Currently, there are no more oil concessions in Bolivia. Today, the Companies are Operating Contractors for YPFB.

With this positive achievement of the sector, between May 1973 and December 1976, the Contractor Companies have invested about 100 million dollars in exploration and exploratory drilling. One of the Contractors, Occidental Boliviana Inc., has already achieved positive results by finding hydrocarbons in commercial quantities in its contract area, and is currently carrying out development work in this field. Bolivian Sun Oil Co. is doing exploratory drilling in the North of the La Paz



Region; Amoco Bolivian Petroleum is drilling an exploratory well in Santa Cruz; Western Decalta drilled three exploratory wells in Chuquisaca and Santa Cruz, and Phillips Petroleum Co. of Bolivia is preparing to start its first exploratory well in Cochabamba; Tesoro Bolivia Petroleum Co. will drill its first exploratory well in the province of Gran Chaco in the Tarija Region at the beginning of this year.

The joint work of YPFB and its Operations Contractors will overflow with hydrocarbon finds which will make Bolivia a country with sufficient oil resources to be able to supply future internal demands, and also to export gas and crude oil to bring in revenues which can be used to continue the country's development, and which will open up an encouraging future for the well-being of all Bolivians.

For further information contact: YACIMENTOS PETROLIFEROS FISCALES BOLIVIANOS Public Relations Department P.O. Box 401, La Paz, Bolivia Telex: YACIBOL Ex 52 67 - YACIBOL 3360006



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CORRESPONDENTS WORLDWIDE



Juan Lechin Suarez



José Romero Losa



Myrna Pardo-Valle



Roberto Vera

Juan Lechin Suarez

IF GENERAL Hugo Banzer has anyone who acts as his Prime Minister it is his brother officer General Juan Lechin Suarez. (It is always wise to refer to the general by both his surnames. He has a half-brother also called Juan who is the "ader of the banned miners' union and a fierce critic of the regime. Some people in Bolivia refer to one as "Lechin el Bueno" and the other as "Lechin el Malo." It is a rough guide to people's political persuasions whether they refer to General Lechin as "el Bueno" or "el Malo.")

As Minister of Planning and Co-ordination he has a far reaching brief to orchestrate the efforts of the Cabinet. His career illustrates the sort of experience that senior officers in government positions have had. Born in Cochabamba in 1921, he went to the Military College qualifying as an artillery officer in 1944 and passing out second in his class of 44.

Like many of the more prominent medium rank officers in Latin American armies he was talent-spotted by the U.S. armed forces who keep a close watch on the progress of their confreres to the South. In 1947-48 and again in 1958-59 he went for periods of training in

the U.S., the first time to learn about artillery and guided weapons, the second time for staff training. The armed forces were the object of much controversy during the time of the social revolution of 1952 but Lechin stuck that out. In the early 1960s he spent a time as military and air attaché at the Bolivian embassy in Bonn before returning to Bolivia as commander of the Fifth Division of the army.

His first major administrative post came in 1965 when he was appointed chairman of the state mining corporation Comibol. During that time he often took a hard line towards the miners in Bolivia's largest single enterprise.

He returned to active duty as commander of the Third army division in 1969. The early 1970s until 1974 he spent in Eaton Square, London, as Bolivia's ambassador to Britain and the Netherlands.

With his experience in the mining industry and in diplomacy and conservative personal views which are close to those of General Banzer he was a predictable choice to occupy one of the key positions in the present Government.

One of his main concerns at the moment is to help the process of developing the neglected eastern part of the country and working on the establishment of communications which would assist Bolivia to make better use of its con-

nections to the Atlantic ciple but not in its execution. The only land that was not affected because there was nobody there, was out beyond Santa Cruz, and José Romero sought out the first 120 acres on which to grow cotton, which has since become one of the region's main activities.

President Barrientos called him back to the Treasury in 1966. In 1970, after two years there and two years as ambassador to the Vatican, he finally decided to wash his hands of the political scene. He has not, however, washed off his reputation for political astuteness.

One development that has a big impact on the Santa Cruz region, the settling of Mennonite colonists first from Paraguay and later from Mexico, was largely his doing. The highly productive Mennonite farmers now number between 8,000 and 9,000.

Mr. Romero has published several books on the ins and outs of contemporary Bolivian history. His experience in Santa Cruz gives him a basically positive view, and he does not see a separatist movement between Bolivia's lowlands and highlands. "The inhabitant of Santa Cruz nowadays feels more part of Bolivia than he did before." With various other Romeros working around him, he is "an optimist about the future of this country. But I don't think," he added, "that it should be a very rich country... just enough for people to be all right."

His family meanwhile moved to take a controlling interest—now disposed of—in the Banco Mercantil in La Paz and to acquire shares in the successful Holiday Inn operation in Santa Cruz. A brother runs an industrial and farming holding company which among other things produces one of Bolivia's better wines, San Pedro, from vineyards in the southern department of Tarija.

As the only civilian in the cabinet he finds himself surrounded by military men. Supporters of the private sector see in him a person who can represent their views against those who feel that the only way for Bolivia to develop is for it to found big new State enterprises and strengthen still further the already large State sector of the economy.

He is now married to Maria Elena Kirigin, who though only in her early 20s has become one of Bolivia's best known journalists, having done a spell as the La Paz correspondent for the Agence France Presse, and who now runs her own TV show and writes on women's topics for the La Paz newspapers.

Sr. Calvo is a recognizable confrere of many of the administrators who have charge of the Bolivian economy at the moment—though it must be added that he has proved himself more successful in his economic management than they have.

He is enthusiastic at the opportunities there are for development in Bolivia, and the expatriate Bolivian who returns to visit him is likely to be pressed to stay—and at times even offered a job.

H.O'S  
Jose Romero Losa

JOSE ROMERO LOSA is known in eastern Bolivia as one of the founders of the cotton and textile business. A sprightly 67 he is still active, working in a wide-flung farming operation with his American son-in-law, Randy Brooks, and a permanent resident of Santa Cruz de la Sierr—a place and an existence which must seem light years away from his patrician origins in Sucre.

Sr. Romero gained prominence as a young man in private business in La Paz, and in politics from 1939, when he was elected national convention deputy for Sucre on the centrist slate of the Republican Socialist Union Party, "which, of course, no longer exists."

Appointed Treasury Minister in 1948, he was moved to the Economics Ministry the following year and back to the Treasury in 1951. What sent him off east was the 1952 revolution which brought Bolivia's land reform, a measure with which he sympathises in prin-

Roberto Vera puts at between \$3m. and \$4m. Roberto Vera, who describes his trade with all the glee of presenting his favourite dish, 41, with 20 years in the hot business. He ran La Paz's traditional Hotel Crillon, but founding the capital's most expensive resting-place, Hotel Libertador.

After two years, Sr. Vera in three minds what to do next. A group of prominent business figures are building a hotel under the same franchise in Paz and wants him to run it. On the other hand, he has had offer from Argentina that had his eyes sparkle. But his plan for Santa Cruz are not finished.

A tower block and a conference centre are in the plan stage, and Sr. Vera has set a package fight deal with LAB national airline, taking people from La Paz to test a three-day "Diseñ Bolivia" tour, with two nights amid the jungle noises and land heat of Santa Cruz.

Vera, pointing eagerly at hotel's latest arrivals, a lot of fashion models from Buenos Aires, "the most famous in Argentina," says he is happy to put the region on the U.S. map. "You can't just sit around and wait for people to come," says.

But on the strength of its business clients, the hotel now has the almost unheard-of room occupation rate of 87 per cent. Operated under franchise from the U.S. chain, its success is such that it has lured the family business group of Sr. Carlos Calvo, the Finance Minister, into buying it, for a sum which Sr.

Roberto Vera

THE LAST PLACE you would expect to find a Holiday Inn would be Santa Cruz, 300 miles into a touristic wilderness, but there is one, and the man who runs it, Roberto Vera, must count as Bolivia's most successful inkeeper. Up to two years ago the town boasted three hotels and a string of smaller establishments. "It was a town," says Sr. Vera, then manager of one of La Paz's many hotels, "where there were 80 many foreigners coming in for the oil business that some didn't have anywhere to stay."

The Los Tajibos hotel, part of a private town planning project dreamed up by an oil engineer, Sr. Alberto Vazquez, somehow managed to secure \$400,000 worth of an Inter-American Development Bank loan destined to stimulate tourism. Not that Santa Cruz has ever had many tourists—last year the Holiday Inn received the grand total of two tour groups.

But on the strength of its business clients, the hotel now has the almost unheard-of room occupation rate of 87 per cent. Operated under franchise from the U.S. chain, its success is such that it has lured the family business group of Sr. Carlos Calvo, the Finance Minister, into buying it, for a sum which Sr.

Myrna Pardo-Valle

IN A COUNTRY where women are seen rather than heard—unless, that is, they are stallholders in one of the markets—Myrna Pardo-Valle is very much the exception.

The daughter of a family which has provided many distinguished figures for Bolivian public life she broke with tradition by working her way through college in California. Working as a waitress in a cafe in Palo Alto is not the sort of thing that Bolivians expect of daughters of eminent families. This she did, despite the fact that her initial lack of English meant that she got the now runs her own TV show and writes on women's topics for the La Paz newspapers.

Back in La Paz with a U.S. college degree to her name she set about organising a clothes boutique called Boom which rapidly became a social centre for the fashionable of the city. But having conformed for a few years to the image of a wealthy Bolivian with a taste for the luxuries of social life she surprised her friends by decamping to the far south-eastern province of Santa Cruz, there to manage a large ranch in the rough and tumble of Bolivia's frontier region.

The British parallel would be Mary Quant, for instance, going to Aberdeen to manage a group of oil rigs. Despite the extreme claustrophobia of the inhabitants of the city, who regard most intruders from La Paz with ill-disguised antipathy, Srta. Pardo-Valle found herself eventually one of the spokesmen for them in their long-drawn-out struggle for better treatment from the central Government.

"At one point," she recalls, "I had to deliver an impassioned speech in favour of Santa Cruz to a delegation from La Paz led by one of the Ministers. After dinner in the evening I danced with the Minister who happened to be an old friend from La Paz. In the highly charged political atmosphere no one could then decide whether it was I who had the diplomatic advantage over the Minister or he over me."

After several years of successful farming in Santa Cruz Myrna Pardo-Valle has returned to La Paz where she is a partner in Giorgissimo, a highly successful restaurant and social venue greatly frequented by the high society of the city. She is not typical of Bolivian women.

H.O'S

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Santa Cruz project—on stream in 1977—thanks to Tate & Lyle Engineering.

On stream in 1977—the £10.6 million Santa Cruz project—the culmination of two years work by Tate & Lyle Engineering Limited and a further milestone in Tate & Lyle Engineering's involvement in Bolivia, which started in 1971.



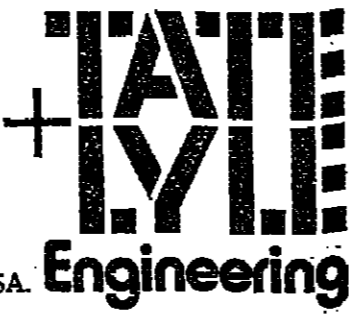
When the Bolivian cane farmers co-operative, Union Agro-Industrial de Caneros S.A. decided to expand the country's sugar industry by initiating the Santa Cruz project, Tate & Lyle Engineering had a lot to offer.

Such as over a century of experience in the design, development and manufacture of sugar machinery. And the supply of one complete sugar factory a year on average, since 1900! Plus a wealth of agro-industrial expertise around the world.

Following the production of the feasibility study, Tate & Lyle Engineering won, in the face of international competition, the supply contract, backed by financial support from E.C.G.D. and Lloyds Bank, to build a sugar mill, refining capacity, a distillery and can making plant.

The project will process between 600,000 and 800,000 tons of cane a year—a fitting tribute to Tate & Lyle Engineering's total involvement—from feasibility study to site clearance to factory commissioning, followed by ongoing technical assistance with the cane cultivation programme.

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مكتبة الاصل



# BOLIVIA XI

Given the right circumstances, natural gas would soon overtake oil as an earner of foreign exchange for Bolivia. The fact that it has not yet done so is one of the economic frustrations that the country is having to face.

## Natural gas

SINCE THE early 1960s the importance of Bolivia's gas fields has steadily grown, although quite recently it was a matter of guesswork how much gas the country actually had. Now the Government has a figure of 45,000bn. cubic feet of proven reserves, and gas is already earning 10 per cent. of the country's export revenue from one solitary customer—Argentina.

The prospect of a larger supply contract being concluded with Brazil brings hopes not only of a boost to Bolivia's trade position, but also of a bonanza in the empty eastern region where the gas will pass through. Bolivia's problem is not that it cannot fulfil these contracts. Even when the Brazilian deal, for 240m. cu. ft. a day, goes through, and if Argentina's offer of 150m. cu. ft. a day doubles as is planned after 1979, Bolivia can look forward to coping with both well into the 21st century. Unlike oil, there is no immediate challenge from domestic demand, which at the present rate of up to 10m. cu. ft. a day can be serviced till Kingdom come. The problem is selling the gas on anything but the customer's terms.

### Below

Every six months, Yacimientos Petroliferos Fiscales Bolivianos (YPFB), the State hydrocarbon corporation, and the Argentine Government sit down to renegotiate the gas price. Now at \$0.85 per 1,000 cu. ft., the price is well below what the Bolivians see as a realistic level, particularly when compared to the equivalent cost in oil. They are currently asking for an undisclosed but "important" increase from the Argentinians.

Argentina has in the past been sympathetic enough to Bolivia's requests, but it knows that it has in Bolivia a captive source. As of now, and ever since a \$56m. gas pipeline between the two countries was opened in 1972, the Bolivians cannot sell their gas to anybody else.

Price increases agreed so far have lifted Bolivia's gas income from \$29m. in 1974 to \$42.5m.

in 1975 and \$55m. last year. In order to establish its system of six-monthly revisions, YPFB had to undo its original and now seemingly ludicrous pact. In 1969 it agreed to sell Argentina gas for 20 years, with delivery starting in 1972, at a fixed price of 22.5 U.S. cents per 1,000 cu. ft.

Bolivia is producing gas at a rate well under its capacity. Under the national five-year plan, YPFB's target is set, on a "medium" estimate, at 125bn. cu. ft. in 1980, and a "high" estimate at 182bn. cu. ft., compared with the 55.5bn. produced in 1975. The prospects of reaching the higher target depend on overcoming the stalemate that has arisen in Bolivia's negotiations with the Brazilians. The Brazil gas deal has changed shape a good deal since a 1973 agreement between Gen. Hugo Banzer and the then Brazilian President Gen. Emílio Garrastaz Médici. At that time the idea was for the Brazilians to build a pipeline to take the gas 1,000 miles to the industrial region of São Paulo, where it would be used in homes and factories. The Brazilians would also help with the Bolivian end of the pipeline, from Santa Cruz to Corumbá, a booming border town on the Paraguay River, in the west of Brazil's Mato Grosso State.

A basic condition was that the Bolivians could prove adequate reserves to supply Brazil with 240m. cu. ft. a day for 20 years. Bolivia threw extra resources into exploration in the Santa Cruz region and came up with five new producing areas. But in the process of various meetings between the two sides in Brazil, it emerged that Brazil had changed its mind about what to do with the gas, which had somewhat changed its status as a commodity in the aftermath of the oil crisis. Like a lizard losing its tail, the pipeline plan was first reduced and then cut right back to Corumbá, where the Brazilians came up with plans for a gas-fired iron and steel industry.

The proposed use of Bolivia's gas to fuel a new industrial development in western Brazil presented a major drawback to the Bolivians. They themselves wished it to be understood that the gas deal would only go ahead when industrialisation in

their own south-western region became feasible.

In both cases industrial planning is focused on an iron ore reserve, where deposits are estimated on the Bolivian side at a minimum 100m. tonnes and may be on a larger scale altogether. The deposits are on two hill flanks, one of which drops down into Bolivia and the other into Brazil. In Bolivia it is known as El Mutún, in Brazil as Urucum, but there is no difference between one side and the other.

### Problem

Both sides are now convinced that there is room for a large iron-based industrial development in the region. The problem is that there is not necessarily room for two large iron-based industrial developments, and if the Brazilians build up Corumbá into a major producing centre then Bolivia's ambitions to do the same on the other side of the frontier risk becoming redundant.

The main condition which has now been presented to the Brazilians is that in exchange for buying the gas they undertake to import for their own market half-processed sponge-iron from a plant to be built near El Mutún on the Bolivian side. The Brazilians have accepted in principle to import a small part of Bolivia's sponge-iron, but not all and not for the 10 years' period anticipated. They are at the same time believed to have agreed on the purchase of ammonia and urea which Bolivia is to produce in another venture linked to the gas fields.

"Brazil is going to need to import the iron," a senior YPFB official said confidently, but it would appear wishfully. The present state of negotiations is that the last round, expected at the end of last year in Rio de Janeiro, never took place, and the Bolivians are awaiting an invitation to sit down to discussions again.

The Bolivians can probably do without Brazil's help in building the Santa Cruz-to-Corumbá gas duct, the cost of which was originally set at \$200m. but is now thought to be closer to \$400m. Brazil has pledged some finance but has said it cannot increase it. However, Bolivia

has relatively easy access to foreign loans and could in theory channel some of the oil revenues that already accrue to the Department of Santa Cruz into the project. But it is unlikely to go ahead with it while it risks putting its main non-energy resources in the area, and possibly one of its biggest long-term assets, into the shadows.

Besides raking in extra foreign exchange, Bolivia wants to make sure its gas finds can be put to use within its borders. At the moment, El Mutún is so remote it is hardly in Bolivia. There is a train that goes through the hills from Santa Cruz to Corumbá, on the line that continues through Brazil to Bolivia's Atlantic port facilities at Santos. It is a popular route for smugglers, and there is a queue in Santa Cruz station at dawn to get on. "The trip is supposed to take 12 hours," claimed a Bolivian engineer engaged in a feasibility study at El Mutún. "The record so far is 43 hours."

This distant frontier has never been as conducive to good neighbourliness as Bolivia's undisputed, accessible southern border with Argentina. Despite the close relations maintained between Generals Banzer and Geisel, it is not hard to detect anti-Brazilian feeling, or at least suspicion of Brazil's economic and political ambitions. But as far as the gas is concerned, Bolivia is stuck with a buyers' market.

This may change if Bolivia decides to build a gas duct beside its oil pipeline to the Pacific coast at Arica. The possibility of liquefying facilities there has already been considered, but the country's gas reserves, though large enough to make a big impact on the economy, are not thought large enough yet to justify the cost involved in taking gas to the Pacific market. There have been some new gas finds, including at the oil field which Occidental Petroleum is now developing, but Government officials reckon the project will not be viable until proven reserves move up to 7,000bn. cubic feet. Until then, Bolivia is bound to sell to Brazil and Argentina—and they know it.

D.W.



A tambo (or inn) at Pocona. The trapezoid windows are typical Inca architecture. Senora Byrne de Caballero, British Consul in Cochabamba, has been closely involved in locating Inca sites and buildings in Bolivia.

## Geraldine Byrne de Caballero

IT was Graham Greene who said that all British consuls are either archaeologists or colonialists, the Honorary Consul in Cochabamba belongs firmly to the first category. Geraldine Byrne de Caballero is representative of the Queen, and is also curator of the local University Museum and Director of the Department of Archaeology in Cochabamba, as well as the restoration of the Chair for the repair of Monuments. She took up the Consulship any years ago and still insists that it is "fun"—although her diplomatic duties seem to consist mostly of rescuing drug-addicted travellers from jail or aiding the citizenship of a shy born to an unmarried British subject. She also has responsibility for a group of expatriates with Canadian passports who talk to her in Low German, but also bring along an interpreter speaking archaic French.

In the 1930s Miss Geraldine Byrne met a Bolivian in her English-speaking circle in London. One of her grandfathers had been a governor of Brazil, and she married a Brazilian, so the cultural gap was not unbridgeable. She went to his parents' finca with her first husband, which those days meant a sea voyage to Buenos Aires and several days' train journey. Her husband's family owned 5,000 Indian labourers, and lived, like

others of their kind, in sumptuous style. Her mother-in-law travelled in a Packard, though few roads were adequate to carry it. When first she found her husband whipping the labourers she rushed to stop him; but was only hated for her pains. "He is our father, he must chastise us," was their response. She did, however, learn fluent Quechua (a language as complex as Latin) and turned her energies towards the ancient pots and objects *trouvé*s that the Indians found at work and gave her for a little corn, bread or medicine. For over 30 years archaeology was her private passion; as a student in England she had taken a short course with Sir Mortimer Wheeler in the British Museum.

But during the Land Reform her husband lost everything overnight. The former finca owners rather pathetically turned to trade. Senora de Caballero worked in oil pipelines after she was widowed, until four years ago when she took over the Museum at the Universidad Mayor de San Simon. Although it contained some distinguished items, it was still virtually an unclassified dump for antiquities.

It includes the oldest dated man in South America, *el hombre de Jajahuaco*, whose fossilised bones were uncovered by soldiers in Cochabamba airport. There are cabinets full of the finest pottery of the Classical

Tiwanacu period, glowing with angular depictions of little men dancing with llamas upon a reddish glaze. When this pre-Inca culture collapsed—perhaps because of epidemics, but nobody knows why—they fled to the Cochabamba valley. The Inca Empire established itself firmly here as well and installed the Quechua language as the *lingua franca*. With their calendars, metric system and genius for agricultural storage and redistribution they organised a route for sending good maize and potatoes up the Inca "Royal Road" to Cuzco. They had neither wheel nor horse, yet distance and time seem to have meant little to them. The entire route was paved, though it took 80 years; altogether the Incas built 18,000 kilometres of road.

### Forts

A great deal of Senora de Caballero's work lies in field-trips to locate a chain of Inca mountaintop forts stretching from La Paz to the Argentinian borders. With these their communications could be protected from the *Guaranis*, a marauding nomadic tribe which still occupies the Amazonic flatlands to day (and which ate an Australian missionary only ten years ago).

With her investigating team of four graduate students, Senora de Caballero maps all

discovered sites and measures them. Her best example is Inca-laja, six times bigger than Macchu Picchu and featuring 12 doorways for ascertaining the months, 52 wall-niches for weeks and a tower that is rigged to determine the seasons according to the light.

Storage was the backbone of the Inca system, as is clear from the discovery of one hill-top site with the remains of 2,400 silos. The forts occur in such large numbers that Senora de Caballero does not expect to see all of them, but her team have surveyed well over 50 out of a total 100 in four years and their sites include inns, temples and administrative centres as well as forts.

Sra. de Caballero is now writing up the finds with her team of investigators. She lives with her daughter, head of an English department, and her grandsons; another son lives in Puerto Rico and works for Gulf Oil. In nearly half a century in Bolivia she has been "home" twice, the last time seven years ago. Although she still calls it "home," she was horrified when she got there. "People have such narrow, limited outlooks in England," Her only frustration is how to get the books and papers she needs for her work. But with a constant toing and froing of students with projects surrounding her museum desk with queries, she is one of Cochabamba's best loved figures.

E.G.



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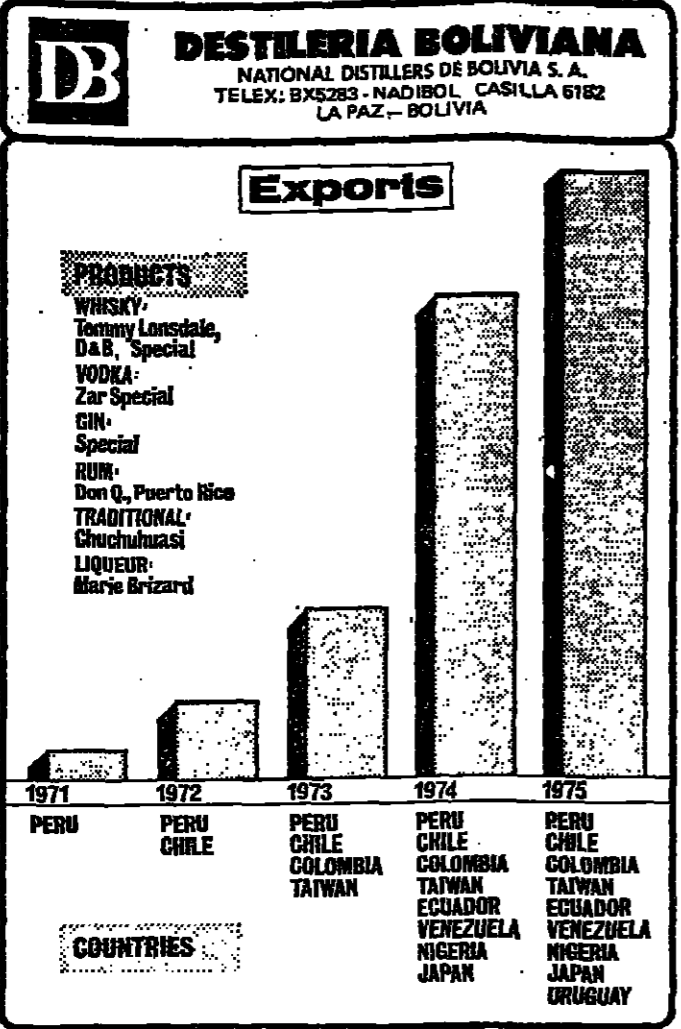
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## BOLIVIA XII

Developed or undeveloped, sleepy or exciting, Bolivia's main cities have their own distinct characters as well as their own ways of managing the local economies.

# Santa Cruz

THIS YEAR'S carnival season in Santa Cruz de la Sierra began with someone taking three potshots at the chairman of a civic committee and missing. Showing through its burgeoning prosperity Santa Cruz has all the qualities of a frontier town. "Here you have a city that's 400 years old," a shirt-sleeved businessman said, "and didn't start moving till 1957." Twenty-five years ago, the town had 50,000 people. In the last census there were 257,000, which made Santa Cruz Bolivia's second largest city, ahead of Cochabamba. The surrounding department, a third of the country with a total population of 700,000, is Bolivia's biggest and

richest. If Bolivia were to be compared with the U.S. in its frontier period, the Best cattle lands to the north would be Texas, and Santa Cruz would be California. The *cruceños* are renowned for their independent mentality. The old-world colonnaded streets echo to a cowboy philosophy of free enterprise and survival of the fittest. "This is a place where people can get things done," is something you hear at every turn. The preponderance of State bureaucracy, so obvious in La Paz, here is turned upside-down, and many think this is the main reason why Santa Cruz has got further and at lesser cost.

Simultaneously with the new road, Gulf Oil struck its first well south of Santa Cruz. Oil is the region's blessing. The department draws its wealth from an 11 per cent royalty on oil and gas, and this has reinforced its independence from the central government. The bonanza shows every prospect of continuing, now that the State oil company is developing a new field north of the town, that Occidental Petroleum has struck oil and gas and that Amoco, Tesoro and Sun Oil are in there looking for more.

Four years ago, when world cotton prices more than tripled, farmers found that they had contracted to sell their production at the old price, saw the main chance, and defaulted almost unanimously on their contracts.

Land is just about the cheapest anywhere. Uncleared territory is yours for between nothing and \$0.80 an acre in the remoter parts, and although the natural pasture has all been claimed, it can still be bought, fenced and all for perhaps \$2 to \$3.20 an acre.

With the inflow of funds into the region, and the increasing needs of farmers, banks are proliferating. Banco Santa Cruz, set up ten years ago to represent the different business sectors which each have a shareholder group and a director on the board, has opened branches in La Paz and Cochabamba as now counts a bigger total of deposits than any other foreign-owned bank in Bolivia. The Bank of America is in Santa Cruz, as is Banco de Brasil, Ti Bank of Boston is due to open March, but its manager is already a foretaste of entrepreneurial spirit in the form of loan requests for "two bowing alleys and an ice-skating rink."

### Different

Santa Cruz never had much to do with the rest of Bolivia. Land reform hardly reached the east, since there were no high-land peasants there to claim their share, and the local low-land Indians were, as someone put it, "never much problem. Like everywhere else, they were just killed off or driven back." Apart from stovepipe-hatted women from Cochabamba, who can be found selling street wares, the people are noticeably different. Many claim pure Spanish descent, and to speak a "better" Spanish than is found in La Paz because of the town's long isolation. The women are strikingly attractive, and, in contrast to the high-land, where a woman's role is one of patience and servitude, they rule the roost.

The area produces sugar, cotton, rice, soybeans and beef. In the north, rubber grows wild and is hardly exploited, while the region is so rich in tropical hardwoods that in Santa Cruz they make crates and window-frames out of mahogany. The resources are there—but by the same definition they are a long way from anywhere else. The easiest export route is 2,500 miles by rail to Santos on the Atlantic, and freight charges add heavily to producers' costs.

### Backing

Because of the boom, everyone was going into cotton and receiving big backing from the State banks. The Liverpool cotton mills responded to the unfulfilled contracts by boycotting Bolivian cotton. As world prices dropped, stocks built up, and cotton rotted away in the poor storage conditions. The Government eventually had to declare a moratorium on unpaid bank debts.

Although Santa Cruz has a higher per capita income than other departments of Bolivia, there is extreme poverty in some of the eastern areas, worse, according to a senior local official, than any on the Altiplano. However, spending on basic facilities in these areas is being sharply increased. This falls under the responsibility of the Santa Cruz Public Works Committee, whose *raison d'être* is to think of ways to spend the department's oil revenue. It is financing most of the work on a road to Trinidad, in the Beni. It, not the Education Ministry nor the Health Ministry, builds the schools and hospitals, and is also engaged in providing electricity, drinking water and public markets, as well as having a range of manufacturing projects varying from cheese to cement.

The committee has never, however, had to fork out a penny for an oil well, pipeline or refinery. Of this year's \$40m budget, \$35m—or as much as the total 1976 budget—come from oil and gas, and the rest apart from a few odd taxes such as on beer and spirits, from external loans.

What brought Santa Cruz into the modern world was a highway through the hills from Cochabamba, completed in the mid-1950s. The road came a decade after the U.S. first offered finance for it; Bolivia was never able to find funds for its internal communications. A railway along the same route was started in 1928, but it only got 60 miles

and Huayna Potosí still protect the city from the worst of the Altiplano winds—and help produce the rain that washes the city nearly every day from December to February. When gold was afterwards found in the Choqueyapu, the settlement rapidly developed into four small Indian towns and one Spanish town. But the steep walls of the canyon prevented the Spanish from using much of their customary gridiron plan, as in Lima or Santiago. Instead the city has been gradually squeezed into a spoon-shape. The adobe houses of the Aymara Indians tumble down the higher slopes, literally on occasions in the rainy season. The oldest buildings in the city are here—the 16th century church of San Sebastián and the house of the early Aymara chief Quirquincha—and the districts have lovely names: *Vino Tinto* (red wine), *Agua de la Vida* (water of life). You can ask a policeman for the "Black Market" and he will wave his long wooden truncheon in the general direction of the jewelry cabinets on Calle Sagárnaga and beyond. Even the richest Bolivians will climb up here—to buy their illicit bottles of Scotch.

In 1972-73, Santa Cruz had some 144,000 acres of cotton. In 1974-75 the area was down to 115,000 acres and farmers were losing \$50 an acre. Last year plantings dropped to 65,000 acres and have only now started building up again, to just under 90,000 acres. Last year farmers were losing, and if prices drop again they could be in trouble.

People who knew Santa Cruz ten years ago describe how long clawed sloths lingered in the trees, how there was no lightning in the Beni, how the Education Ministry nor the Health Ministry, builds the schools and hospitals, and is also engaged in providing electricity, drinking water and public markets, as well as having a range of manufacturing projects varying from cheese to cement.

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# La Paz

HOW DO YOU best convey the life of a foreign city like La Paz. You might collect an assortment of odd facts; that there are over two hundred rivers underneath the city, or that tennis balls have to be expensively depressurised because of the altitude. You could mention that all visiting football teams arrive a week early to adjust to the thin air—but always lose anyway. You might point out the lamp-post where President Villarroel was hanged by the mob in the Plaza Murillo on July 21, 1946. You tell visitors the exact spot on Calle Buenos Aires where the *coccos* leaves are sold by two Aymara women for 80 pesos a pound. But these details do not add up to La Paz.

There is little that is even conventionally picturesque about La Paz, always excepting the majestic mountain backdrop of the Cordillera Real. Extraordinary in more ways than the guide-books can say, it is also a growing city with a feeling of hard work and stamina about it. Tourists are a very new sight. It is one of the very few big Latin American cities where the visitor does not have to bury his money and passport deep down inside his shirt. There is a ceremoniousness in the way a *paceno* will explain the bus system to a foreigner, or present you with a letter of introduction to his friend.

Capital in all but name—for the High Court is in Sucre, the official capital, hundreds of kilometres away—La Paz has completely forgotten the brief rumour of last year that important institutions might be moved to Cochabamba, the second largest city. The story blew up during a war-like mood; La Paz is uncomfortably near the Peruvian border, while Cochabamba is central and easier for communications. But *Pacenos* suspect the whole fiction was invented by Cochabambinos.

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the 200 underground rivers as a makeshift drainage system. The stone culverts that were built to cover those some three or four hundred years ago have effectively not been touched since. "Town planning has been unknown here, until now," explained the Mayor, Sr. Mario Mercado Vaca Guzmán. A former businessman and president of several private companies, Sr. Mercado and all his leading architects and engineers were drafted into the civil service by a particular Bolivian law in July 1975 which allows the Government to order whom it chooses into public office. Sr. Mercado took the blow with his customary dash, bringing a shirtsleeved usque to the City Hall, and ordering out his staff on regular Tuesday and Saturday field trips around the problem areas.

The population of the city at the last count was 700,000 and is growing at the rate of 3.9 per cent per annum. Mercado's estimates for the year 2010 vary between 1.5m. to 2.5m. he hopes it will prove to be the former. Not the least of his problems is the steady trickle of immigrants from the Altiplano. Ironically, they began to arrive in greater numbers after the agricultural reform of the 1952 revolution. The plots of land handed out to them were sometimes subdivided again and often did not sustain families. To make matters even more complicated, city housing does not fall under the jurisdiction of the Mayor, but under the Ministry for Housing. Despite this, Mercado has scheduled a pilot scheme of 100 low-income houses for June and is working on models of lighter houses, using iron and cement, suitable for the extremely shallow soil of the altiplano.

### Descent

The descent into the city centre past the luxuriantly baroque mass of the church of San Francisco is a steep one. The roads are unevenly paved with large stones and even the citizens keep their eyes on the ground as they slope down with long even strides. The main artery of the city has various names but is generally referred to as simply El Prado. Here begins the affluent section, with hotels and office blocks of undistinguished modern design between pockets and enclaves of old colonial houses. It leads downwards into the handle of the spoon, the lower and sunnier residences of the wealthy in Calacoto and La Florida with their flowering courtyards and pink rooftiles.

Every shower of rain in January makes Mercado's engineers look anxiously out of the window of the City Hall. Last year on January 24—the day of the Alacitas Festival—a mudslide caused by rains swallowed 20 cars and reached El Prado, several kilometres lower down.

One of Sr. Mercado's most daring public works was the anti-landslide scheme, which his engineers based upon an Inca method of banking up terraces with draining channels. Various foreign experts have come unsolicited, to inspect the schemes. The most hopeful verdict came from

But in one way, at least, both affluent Calacoto and the higher Indian communities suffer. Neither Calacoto nor La Florida has a sewage system and some of the newer Aymara communities like El Alto on top of the Altiplano lack water as well. In fact, 60 per cent of the city has been utilising one or other of

Continued on next page

BOLIVIA XIII

Cochabamba

AT THE moment the second largest town in Bolivia is in theory enjoying a high summer...

agriculture, and has done from earliest times. The Incauac civilisation emigrated here...

profit margin, the biggest poultry farmers are tempted to re-invest with all speed. It is a fairly simple business and it attracts a new breed of farmer...

Floods

In fact, there is no water shortage in the higher areas or the lower, tropical areas. But while the Amazonian province...

When I met Sr. Soria of the Asociación de Agricultores he was in the middle of an urgent meeting of principal poultry farmers in the area: the topic for discussion was foodstuffs.

At Iruireollo, nine km. outside the town, the Government-run P.I.L. (Planta Industrializadora de Leche) is pasteurising 50,000 kg. (litres) a day as the only milk plant and distributor in the country.

Foodstuffs

Between the football stadium and the airport the 180,000 inhabitants rise early to fill their baths with the available water and wonder how they are going to get through the very dry winter. It is the subject of all chatter in the tea-rooms where the Cochabambinos eat their delicious ice-creams and cakes.

The tropical sector is Chacabamba, with a 4,000mm. annual rainfall and a tropical climate ideally suited to fruits like papayas and avocados, timber and rice crops.

The first point on their emergency programme is a \$300,000 loan from the Government with which they hope to buy alfalfa from Uruguay and cotton seed-meal and molasses from Santa Cruz.

Sucre

SUCRE IS THE capital of Bolivia. It could be the capital and monasteries. Others, such as of Nirvana. Now a quiet back-water whose political importance stems solely from the fact that it has hung onto being the seat of the supreme court, the city is crammed with former Spanish palaces, whitewashed and roofed with red tiles.

They are the descendants of the first Spanish settlers who made their fortunes from the silver mines of neighbouring Potosi but who sought somewhere more hospitable and gracious to live than that hard, cold and rainy city.

The city which in colonial days was known as Chuquisaca changed its name after independence had been proclaimed there to Sucre, in honour of the marshal of French descent who was responsible for chasing the Spaniards out.

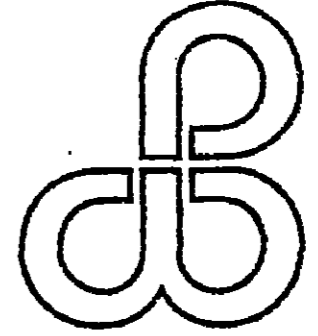
La Paz

CONTINUED FROM PREVIOUS PAGE

A German specialist working with the World Bank who said that he had never seen anything like it—but did not say why it should not work. The scheme is now five months old and shows no sign of cracking.

Jaén, the other, also half-constructed, is a Museum of Pre-Columbian Precious Metals and will contain over 900 pieces of gold and silver and jewellery. For the La Paz of the year 2,010 some very long-term geological surveys are under way.

Its future must lie with the tourist trade but, unlike either La Paz or Santa Cruz, it has not yet caught the attention of any of the international hotel operators. Facilities for tourists as they are at present are decidedly meagre.



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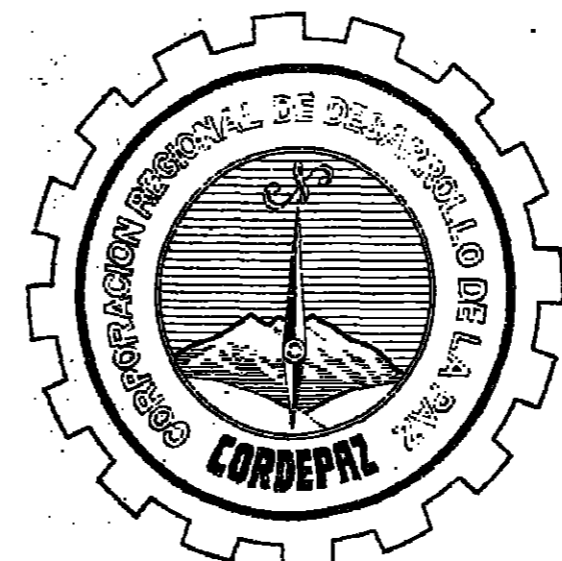


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## BOLIVIA XIV

Lack of funds is a major  
headache for those trying to  
preserve Bolivia's artistic  
wealth. In addition, works of  
art are being stolen in  
large quantities.ALFREDO LA PLACA has one budget that the Government is  
of the most splendid offices in able to devote to the arts is only  
La Paz. Sited in an old colonial slightly in excess of \$1m—  
palace on the corner of Plaza enough, for instance, to pay the  
Murillo beside the handsome salaries of the staff of the  
18th-century cathedral, it over- museum and other similar  
looks a pleasant patio with a bodies, but not enough to give  
fountain and a flight of stairs the museum an acquisitions  
in translucent alabaster. The fund. "Every so often a private  
office is full of magnificent. "Every so often a private  
gilded colonial furniture and seller comes along with a Bol-  
adorned with canvases of the vian work of art to the museum  
best 18th-century painters of asking if we are interested in  
Upper Peru. buying it. But with no funds  
to spare we've never managed  
This office may be considered to purchase anything," Sr. La  
as a consolation for the holder Placa reports. "We have to rely  
in Bolivia, that of the Director on acquisitions on the works  
of the National Museum of Art, that the customs confiscates  
an institution which occupies from those they catch trying to  
the rest of the palace. The total export them illegally. That and

## The arts

gifts constitute our only sources  
of new works." Like every other Bolivian who  
is concerned about the country's  
artistic heritage, which is con- siderable, Sr. La Placa is wor-  
ried about the lack of funds to  
establish a sound museum  
system in the country and the  
enormous yearly outflow of pic-  
tures and other pieces from  
Bolivia.It is a sad fact, for instance,  
that in the city of Potosi, which  
was at one time the biggest and  
richest settlement in the whole  
of the Western Hemisphere and  
from which a tide of silver  
flowed every year, is unable to  
mount a show of all the types  
of coins that were struck in itsgreat mint. The colonial  
museum at Sucre, the country's  
official capital, is short of money  
and nowhere in the republic is  
there a good representative  
collection of modern Bolivian  
painters. Meanwhile, Bolivia is a prey  
to the international art thieves  
who are now attacking with  
every modern aid, down to light  
aircraft, to take their booty over  
the border. "We have calls warning us  
that such and such a church is  
in danger of falling down. We  
have no funds to help with  
repairs and often the next  
thing we know is that the build-  
ing has been stripped of every-  
thing of artistic value. The  
thieves observe the place very  
carefully and when, for  
instance, there is a fair on and  
the local population is caught  
up in the gaiety of the celebra-  
tion, they pounce," the director  
says.

## Evidence

Another constant source of  
loss, Sr. La Placa says, is the  
diplomatic corps. Without hard  
evidence that the various  
diplomatic bags are being  
abused, evidence that is very  
hard to come by, it is difficult  
to do anything about it. One  
senior Government official in La  
Paz suggests that around 300  
pieces are lost to Bolivia each  
year through the diplomatic  
pouch. "Sometimes the works  
go out in packing cases but  
there is little we can do about  
it," he says.In order to deter the ordi-  
nary tourist from taking works  
of art out of the country  
illegally the personnel of the  
Bolivian customs would have to  
have a good knowledge of the  
specialty and be able to spot,  
for instance, a genuine colonial  
work from a modern copy. This  
specialised knowledge they  
often do not have.So through all these escape  
routes Bolivia's colonial heri-  
tage or religious works and  
portraits and fine sculpture runs  
away.Sr. La Placa has his own  
theories about how the problem  
could be tackled. "I used to talkto the Chilean artist Nemesio in their work. Worse, the  
Antunez when he was director interest within Bolivia in  
of the Museum of Fine Arts in modern painting is only just  
Santiago and he said, "When I beginning to make itself felt.  
talked to my diplomat friends For years those Bolivians with  
I used to tell them the pictures the money to buy pictures  
that in no circumstances could tended to favour the more  
be taken out of the country. I sugary productions of the minor  
Parisian painters of the early  
did my best to stop the major part of this century.This is now slowly changing  
under the influence of the  
increased prosperity the middle  
classes have enjoyed in the  
Banzer period. The banks of  
La Paz are starting to patronise  
living artists and the business  
group which bought out the  
Bolivian interest of the US  
Grace company has founded a  
local Biennale with awards for  
the entries adjudged best.One of the few favourable  
signs for the cause of conserva-  
tion is the fact that the Braz-  
ilian market in artistic contra-  
band seems to have been sated  
for nearly a year now.Sr. La Placa feels that much  
could be done if there were  
greater co-operation between  
the Church, to which many of  
the best works belong, and the  
State. "We have periodic  
sessions with the Church  
authorities but they are shy of  
too much collaboration. I think  
they are afraid of some sort of  
a takeover."When it comes to con-  
temporary artists the problems  
are almost a mirror image of  
those connected with colonial  
art. The moderns suffer from a  
severe lack of foreign interest

H.O'S



A detail from the facade of the Church of San Francisco, La Paz.

The Catholic Church is virtually the only  
body able to offer serious resistance to the Bolivian Government.  
But although friction between the two is considerable,  
there is little likelihood of a serious rupture

## The Church

MGR. JORGE MANRIQUE,  
Archbishop of La Paz, is a man  
who suffers from ill-health. His  
heart has to be helped to keep  
going by an electric pacemaker.  
"We have sometimes thought  
that if we could get a magnet  
near enough we could stop it,"  
a senior industrialist remarked  
to me. He was only half joking.  
The archbishop is not a  
popular figure with the Bolivian  
establishment.The relations with the  
Government of General Banzer  
got off to a bad start when,  
during the 1971 coup d'état, a  
Canadian missionary, Fr. Maurice  
Lefevre, who had become  
dean of sociology in the  
San Andrés University of La  
Paz, was shot dead while  
attempting to rescue the  
wounded. At the same time  
some sectors of the Church, in-  
cluding some Jesuits and a  
number of Franciscans, wel-  
comed the advent of General  
Banzer as a blessed relief from  
the agitated days of General  
Juan José Torres.But as the Banzer Govern-  
ment settled itself in, those  
who had misgivings about his  
social and political attitudes  
became ever more vociferous  
within the Church.By the end of 1972, 19 Catho-  
lic priests and four nuns as well  
as three Protestant pastors had  
been expelled from the country  
for their attitudes towards the  
Government, and 15 religious  
establishments were searched  
for political fugitives. In July,  
1972, Cardinal Clemente Maurer,  
the German-born Archbishop of  
Sucre and head of the Catholic  
Church in Bolivia, warned that  
the attitude of the Ministry of  
the Interior towards some  
priests throughout the country  
was "unheard of" and was  
making for tension between  
the Church and State.At the same time the Govern-  
ment which had proclaimed its  
attachment to the "ideals of  
Western Christian civilisation"  
and which presented General  
Banzer as "the foremost  
Christian of Bolivia" was un-  
willing to have a formal break  
with the Church. Some local  
authorities were outspoken in  
their criticism of the clergy.At a time when the Govern-  
ment has put an end to the  
activities of political parties and  
trade unions and imposed a  
general wage freeze, the  
Catholic Church in Bolivia is  
the only body which can offer  
resistance to Government  
policies, a resistance which is  
all the more serious because of  
the Church's strong hold on  
most Bolivians.The relations with the  
Government of General Banzer  
got off to a bad start when,  
during the 1971 coup d'état, a  
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willing to have a formal break  
with the Church. Some local  
authorities were outspoken in  
their criticism of the clergy.For instance, Sr. Widen Rasuk,  
the Prefect of the booming oil  
town of Santa Cruz, announced  
in May, 1972, "I consider it  
neither an abuse of my position  
nor presumption to defend the  
people from the brigands who  
with impunity bide behind a  
guerrilla's cassock." The central  
Government was usually, how-  
ever, more measured in its pro-  
nouncements.

## Impatient

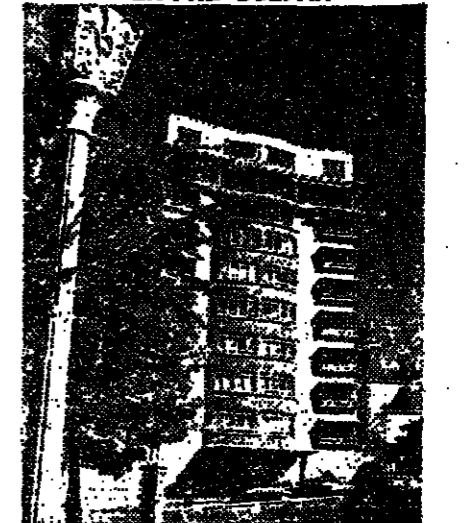
Many in the Church were  
impatient that the ecclesiastical  
authorities had not taken a  
more active role in criticising  
the Banzer administration, and in  
January, 1973, 99 priests,  
religious and pastors, issued a  
document, Gospel and Violence,  
which was severely critical of  
the Government. It began,  
"Many of us in the Bolivian  
Church feel guilty for our  
silence in the face of the events  
which are upsetting the country.  
In the face of facts such as the  
repression, arrests, economic  
crisis, the sackings of so many  
workers, the murders and the  
tortures we have kept quiet as  
though we were not of this  
world." The document went on  
to make a series of specific  
criticisms of the state of affairs  
in Bolivia from the Govern-  
ment's denial of human rights  
to the meddling of the U.S., the  
USSR and Brazil in Bolivia's  
internal affairs.This publication was followed  
shortly by the establishment of  
the Catholic Justice and Peace  
Commission, headed by a  
former President, Dr. Luis  
Adolfo Siles Salinas, whose first  
task was to offer assistance to  
those who had suffered as a  
result of their attitudes towards  
the Banzer Government. The  
Justice and Peace Commission  
was soon seen as a thorn in the  
Government's side with its con-  
tinual agitation in favour of  
political prisoners.Worse was to come, for in  
February, 1975, the Commission  
published a document on the  
disturbances of the previous  
year in Cochabamba when  
peasants had taken to the  
streets in protest at the rise in  
the cost of living resulting from  
the big devaluation of the peso.  
It accused the Government of  
using excessive firepower in its  
efforts to disperse the demon-  
strating peasants and alleged  
that the death toll was many  
times the figure of 13 which had  
been announced by the Govern-  
ment.After pressure from the  
Government, and in the  
interests of not straining rela-  
tions with it too greatly, the  
Conference of Catholic bishops  
declared the Commission in  
recess until it could be re-  
organised.As the Bishops' conference  
was taking that decision the  
tension between some parts of the  
Church and the Government was  
well illustrated by the decision  
of Mgr. Manrique not to invite  
the authorities or the diplo-  
matic corps to the traditional  
services for Maundy Thursday,  
1975 and the decision of the  
authorities to come uninvited  
with the accompaniment of an  
armed guard.Last year saw further clashes  
between Church and State, this  
time over the attitude to be  
adopted towards the miners of  
the Siglo Veinte, Llallagua and  
Catavi, who went on strike in  
defiance of the wage freeze. The  
rejection by the Government of  
the Church's offer of mediation  
which had been accepted by the  
miners and the decision to put  
troops into the pits brought a  
further chilling of relations be-  
tween the bishops and the  
authorities, and the former  
ended by calling for a halt to  
the sackings of miners and an  
end to victimisation.In the end the strike collapsed  
as the Government continued  
its squeeze on the mining towns.  
The simple recitation of a  
list of instances of friction  
between the Church and the  
State would, however, give a  
misleading impression of the  
real state of affairs, which is  
a distinctly more subtle one.  
Both parties are conscious that,  
as things stand at the moment,  
there is no question of a total  
rupture of relations. The  
Banzer Government is conscious

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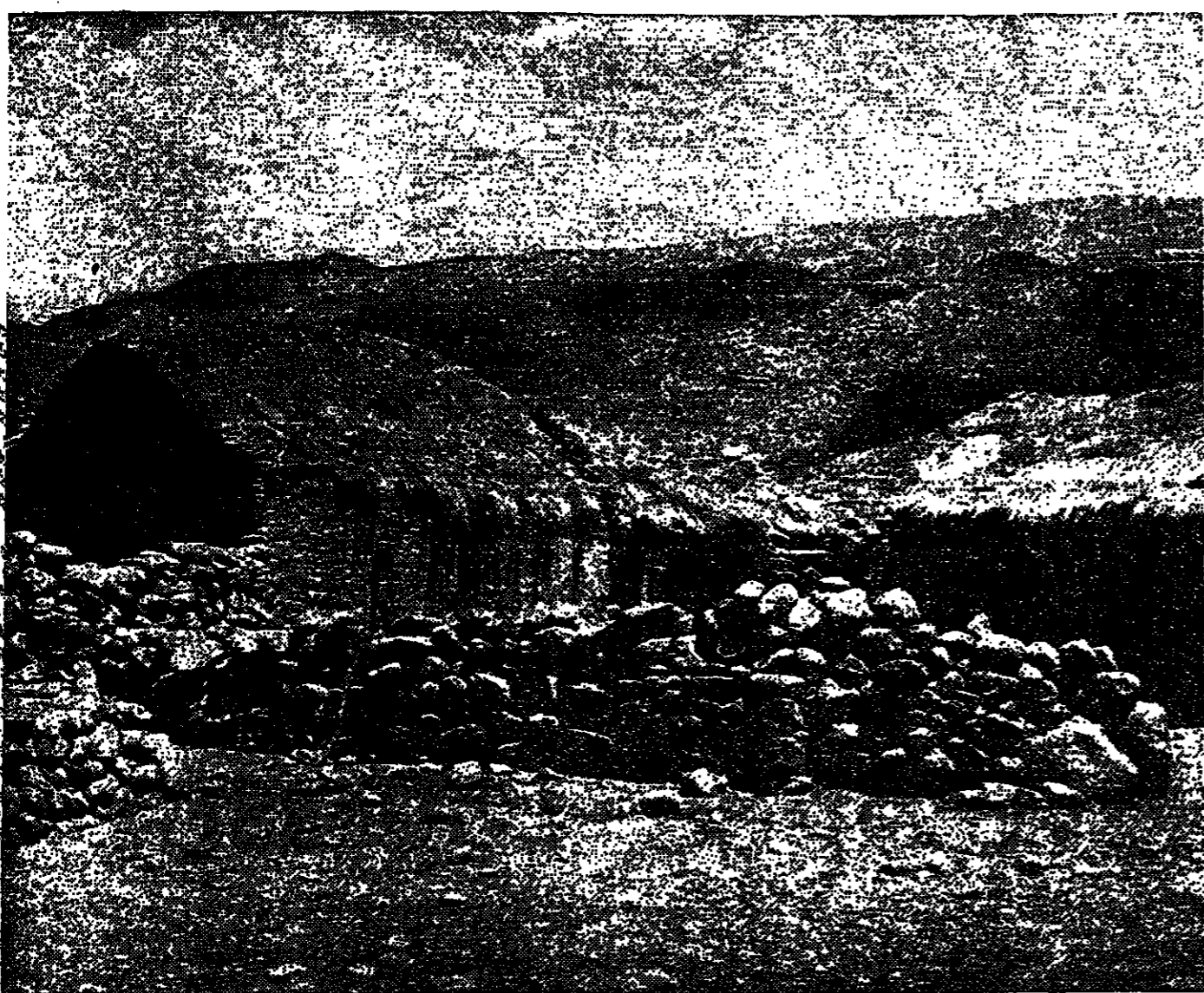
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CONTINUED ON NEXT PAGE

# BOLIVIA XV



A remote farm in southern Bolivia.

In a tropical region so remote and under-developed that flying is the only practical means of transport, a handful of ranches contain more than half of Bolivia's cattle herd. The article below recounts the experience and views of one of the local ranchowners.

## Down on the ranch

CARLOS SCHENSTROM'S ranch lies 25 miles north of the small town of Trinidad, capital of the spacious tropical lowland region of the Beni. You fly there. From 300 feet up the horizon is uniformly flat on all sides, and below is a threadbare carpet of yellow pasture with patches of tree cover and at this time of year, so much water lying that sometimes the whole place looks as if it might be afloat.

San Juan produces 4,500 head a year, all for the La Paz market. The zebu cattle, with their characteristic dome of meat above the shoulders, have come to outnumber the local criollo strain, descended from European stock. Criollo cattle can be found more or less anywhere in Bolivia, even among the millions of sheep, alpacas and llamas that inhabit the high Altiplano, but are poor producers compared with the zebu, better adapted to tropical conditions.

Since plans to strengthen the strain by importing animals from India, the original home of the zebu, have run up against rinderpest regulations, the bulls have to be bought from Brazil. Ironically, because of shortage in the border regions, that was the only place to which Bolivia managed to export cattle last year.

But things have changed a little. The Schenstroms have just moved into a \$150,000 house, with a white-domed roof, a lookout tower to be used as a radio station, a billiard room and the Beni's first-ever swimming pool (there is now another one in Trinidad). "We thought, if we're going to live out here, we might as well live well." Materials for the house had to be flown out like everything else, except for the wood, cut from local trees, and the bricks. San Juan has its own small brick factory, housed in a corrugated iron shelter, to build lodgings for the 100 or so families who work there.

"Planes to us are like cars." Schenstrom pointed down from behind the controls of his four-and-a-half-engine Cessna to the trees of a road being built from the town to San Pedro, a tiny settlement six miles from his ranch, San Juan. "It won't make a lot of difference," he said. "We don't really need Trinidad very much."

Ranchers in the Beni, where the herd of around 14m head is more than half Bolivia's cattle stock, and where there are eight cattle for every human being, have to do it all themselves. The region, over which cattle have roamed semi-wild for centuries, is still in the pioneer stage. In the future, given help from the Government, Carlo Schenstrom reckons it could comfortably support 10m head and an important meat export industry.

The area needs to export. "The Beni," says Carlos Schenstrom, "already produces enough to supply the whole Bolivian market." Although three or four years ago there was a steady supply of meat to Peru and Chile, this has now stopped. Producers in Argentina and Colombia have been able to get their meat there more cheaply. The Santa Cruz region of Bolivia, which usually produces only for its own market, has begun sending a tiny quantity—6 tonnes a day—to the Chilean copper-mining town of Chuquiaguana, but the country as a whole is faced with the problem of over-production.

The cattle business is in a peculiar state. Dairy farming is only really developed around Cochabamba, and, according to the Agriculture Ministry in La Paz, Bolivia spends between \$3m and \$4m a year importing milk. On the other hand, it has exportable production of beef and cannot sell it. The reason is a familiar one for landlocked Bolivia—transport. Transport presents problems enough in the local market. Until recently, the San Juan ranch sold its meat in Trinidad to a co-operative which ran its own planes to and from La Paz. But the co-operative folded when it defaulted on a \$5m foreign loan. Now Sr. Schenstrom has had to hire his own air transport and bear all the risks. A neat reminder of what the risks are lies quite near his house, the bulk of a DC-6 which crashed with 10 tons of meat aboard.

Church  
hat a drive on what it considers "the troublemakers" in the Church would bring more trouble than it would be worth. The authorities usually seek to weed out and isolate their opponents in the Church by more stealthy means, usually with the tacit agreement of the leaders of the hierarchy. At the same time the Government seeks to promote within the church the careers of those priests who are known to favour the Papal Nuncio. Mgr. Aiguella, like his colleagues in Argentina and Chile a person of conservative disposition. The majority of Bolivia's bishops are themselves conservatives who are not always in agreement with the Archbishop of La Paz or the few other radicals in the hierarchy, such as Mgr. Jesus Lopez de Lama, Bishop of Coroico, a mining centre. Many of them, too, suffer from being foreign born and thus subject to criticism for being outside meddlers.

Economic interests, too, tend to bind the Church's hands in that the bishops receive a small monthly stipend from the Government, and Church-controlled enterprises, such as the La Paz daily *Presencia*, often enjoy privileges with tax and import duties. The Church has big land and property holdings which might be at risk in any clash with the Government. A number of Church leaders are still wholeheartedly supporters of the Government, despite the various frictions, and they make no secret of their convictions. But in a confused and contradictory situation one thing has emerged: that in contrast to much of the history of the recent past the Catholic Church in Bolivia and the Protestant Churches cannot always be relied on to support the Establishment.

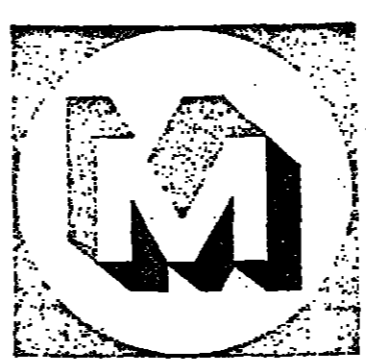
Survival  
The present worry is that the Government will reduce its subsidy on aviation fuel. Higher transport costs have already cut into ranchers' earnings. With retail prices for meat frozen as part of the Government's anti-inflation campaign, it is calculated that producers' income has dropped from 15 pesos a kilo to 13. For the smaller ranchers the transport and marketing problems are threatening their survival. The Beni has about 3,000 cattle farms, most of them between 1,200 and 12,000 acres, usually supporting no more than one animal per 10 acres. The smallest farmers are now simply finding themselves unable to sell their meat, or to repay their bank debts. The Banco do Brasil, one of the leading banks in the region, is believed to have outstanding loans of as much as \$8m.

Cattle are the Beni's past and future. There have been some experiments with oilseeds and other crops, and San Juan grows enough rice and corn for its own use, but the climate and soil do not hold out much prospect of other kinds of agricultural wealth. On the other hand, the meat, although of a different kind from that of Argentina or Uruguay is of good quality, and many believe could be successfully marketed in Europe.

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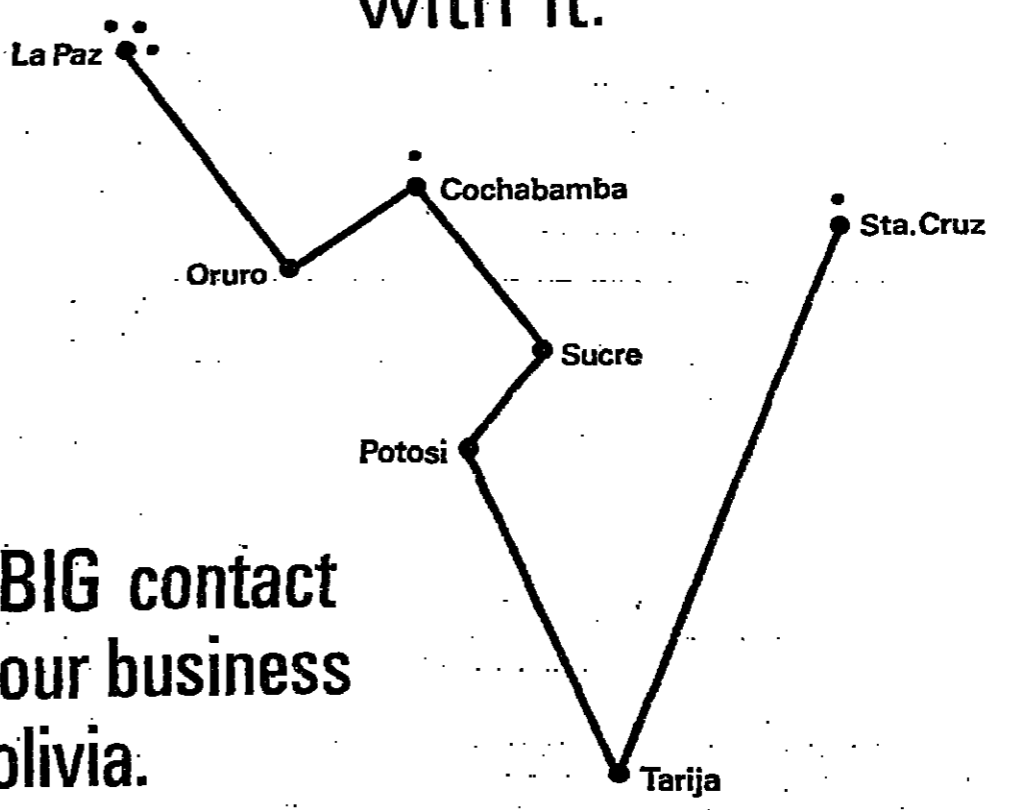
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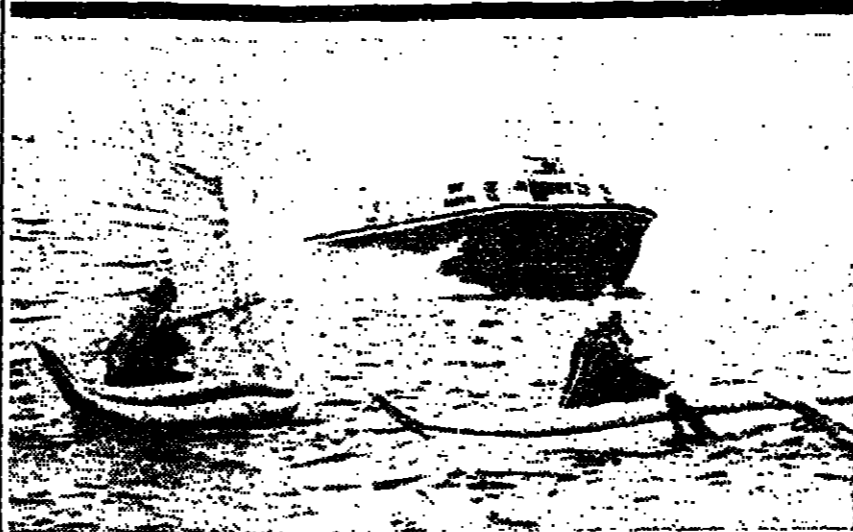


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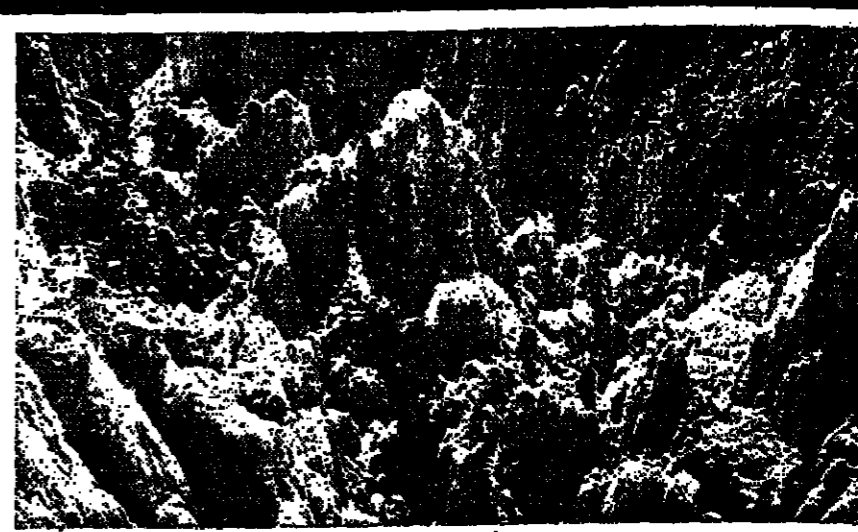
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## BOLIVIA XVI



A hovercraft on Lake Titicaca.



The Valley of the Moon outside La Paz.

For the tourist Bolivia has all the attractions but so far few of the facilities. Only during the past year or two has the tourist industry woken up to the possibilities and begun to develop the country's enormous potential.

# Undeveloped tourism

BOLIVIANS like to tell you that El Alto is the only airport in the world where you have to fly up to touch down, and fly downwards to gain altitude. But at over 13,000 feet, you need no telling. Flying across the Altiplano of the Andes, with your

eyes filled with its endless white light and your lungs strivelling in the thin air, you feel like a dreamer arriving in Xanadu or the Rider Haggard hero storming the impregnable mountain fortress.

Getting to Bolivia requires a lot of money or alternatively a lot of time, so the sense of individual achievement is strong and heady—even for the lucky travellers that do not suffer from temporary altitude sickness. The influx of visitors has nevertheless increased by 19 per cent. every year since 1969, but the total is still so small that it accounts for less than 1 per cent. of Latin American tourism.

You are rewarded for your trouble by the unreal feeling of the Altiplano, intensifying as you walk through the vast bronze fresco copied from pre-Incan Tiawanaco on the airport building. Almost all days are clear ones here. The folds and glints of the snow on Mount Illimani are as clean as a Hokusa print. Your taxi tree-wheels downwards into the cup that cradles La Paz, past the adobe houses of the Aymara Indians that make up half the population of the city. The women measure their wealth in the number of petticoats they wear—velvet, watered satin or sprigged cotton, covered by a checked apron of many pockets and a striped shawl to carry the baby.

Further down you pass through Manco Kapac Street and the honeycomb of street markets that make up the *mercado negro*. The lower end of the tourist spectrum drops off here, in search of a \$2 hotel near the markets that sell alpaca ponchos, silver articulated fishes and Indian flutes. Off the Calle Max Paredes you can even buy llama fetuses, to be burnt for a house-warming ceremony, or hate-options.

The rich tourists plunge on down past the bulky church of San Francisco into the main artery, known as El Prado. Here they will spend \$25 or more a night in one of the existing seven deluxe hotels—plus a 13 per cent. service charge and 14 per cent. tax. They can take luxury bus trips to Lake Titicaca, Copacabana and Tiawanaco. They can fly to Cochabamba, a town in a sunny valley twenty minutes away by air, with a series of delicate, colonnaded town squares. They can visit the ghostly colonial grace of Potosí, the ancient silvermine of the Spaniards, and the official capital of Sucre. They can descend still further to see the tropical boomtown of Santa Cruz or fly north to the Brazilian border and see game in the jungle province of Beni.

Poor tourists can immerse themselves in the variety of landscapes too. But for them the transition from Andes to Amazonian basin will mean long, cheap, uncomfortable bus rides—or decent train journeys, if you book a week ahead. You can travel by river-boat from Todos Santos to Trinidad on the River Mamore. You can also enter Bolivia by one of the ancient boats on Lake Titicaca. They are interestingly Edwardian, with ample seats for bustles and a portrait of the Prince of Wales in 1912 in the dining-room.

But they are a world away from the expensive *disco* that also follows the lake route of Cuzco-Puno-Guaquil-La Paz route in comfort and organisation. Inevitably the division between rich and poor travellers remains, here as in the rest of Latin America. But the recent increase seems largely due to the number of rugged individualists who want to get as far as they can on as little as they can, and the increase is marked. Over 132,000 visitors came in 1975, compared with a mere 28,861 in 1959.

"In the old days the visitors were rich but very few," sighed Mario Portanda, who has been



A monolithic stone figure at Tiawanaco by Lake Titicaca.

happy. But the demand is still there at the other end of the spectrum. People have already booked for the bronze-trimmed 350-room Sheraton that pokes its unfinished bulk on Avenida Arce among the other tower blocks, at around \$35 for a double room.

Her husband is a Swiss hotelier, Jean-Jacques de Valletton, who arrived to help manage the Sucre Palace Hotel five years ago and is now managing the brand new Eldorado. He echoes the theme of all the travel agency people. "The Government has only just woken up to the possibilities during the last few years of political security." He believes one area of the greatest potential is ski-ing. The ski lodge in Chacaltaya was burnt down last year. But if Brazilians are prepared to fly to Bariloche in Patagonia, argues Sr. de Valletton, why not here, once Chacaltaya gets the new hotel and restaurant that are rumoured to be on the way? And mountain climbing is already established. "Everything is possible here—only to have the good ideas."

Official tourism is still an innovation, born in January 1973 with the Instituto Boliviano del Turismo. Before that it had been a scattered, minor duty of the Ministry for Commerce, where it existed at all. A small section in the 1976 five year development plan was the first attempt at a tourist policy made by a Bolivian government.

"Tourism is such a new phenomenon," explained the

Executive Director, Juan Luzzio, "that you might say it was only three years old, and we have no real financial index or criteria to measure progress yet." What is certain is that hotels have brought in 45m. since 1973 and that visitors brought in a mere \$2.5m. four years ago compared with \$13.5m. last year — encouraging enough to make the government hope for 300,000 visitors bringing in \$77m. as early as 1980.

Strategy will be to connect Bolivia and its circuit to the tourist routes of surrounding countries, to open tourist offices for promotion abroad, and to establish training centres for hotel personnel, guides and administration according to the Five Year Plan.

But Sr. Luzzio admits there is much to be done before an inadequate infrastructure and lack of basic necessities can be overcome. Information centres are established in major Bolivian towns, while centres abroad are planned. Sucre and Potosí have been chosen for special development of their colonial charms. In the past five years the number of first-class hotels in the country has quadrupled and there is a nascent charter flight business in summer for Germans who can fly here direct from Frankfurt.

### Critics

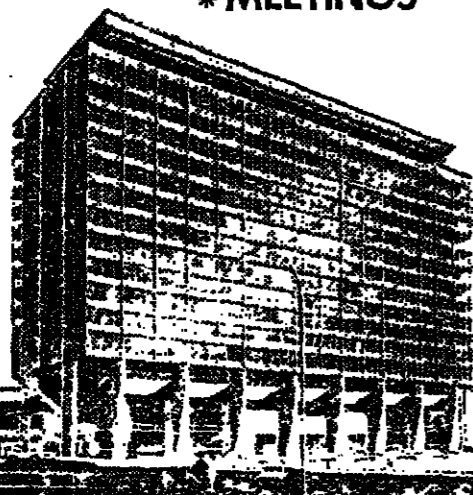
Carlos Andrade of the leading La Paz daily, *Presencia*, is one of the sternest critics of Bolivian tourism. He feels that charter flights will never add to Bolivia in the enormous numbers of other countries, a country, Bolivia challenges the adventures among travellers—the ones that read about Tangi, the girl guerrilla who fought with Che Guevara, or that sat "Butch Cassidy and the Sundance Kid"—or that simply risked out of countries that nobody else had been to. Charter flights do not attract the adventures Sr. Andrade knows that business is growing. Another definite indication is that the Conference for the Organisation of Tourism in Latin America, being held here for the first time in La Paz next May, 1,500 members will discuss everything from the scarcity of hotels to how best to advertise the Oruro carnival. But it seems likely that Bolivia will retain its trump card for the visit—its felicitous inaccessibility—the sheer unlikelihood of it—for some years to come.

APRIL 1977

## La Paz-Sheraton Hotel WILL HAVE IT'S GALA OPENING IN LA PAZ, BOLIVIA

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A wide range of dining facilities commencing with the TIWANAKU RESTAURANT on the mezzanine level to the SUPER CLUB in the PABELLO ALAYA offering the entertainment and exquisite international cuisine. Many private dining areas.

Exceptional conference and meeting facilities. Theatre and 25 billiard-sports rooms. Health Club with swimming pool. Spacious Shopping arcade with a variety of native art works, gold and silver jewelry, bronzes, and many other convenient shops and services. Indoor parking.

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- ★ Air Conditioning
- ★ Wall to wall carpeting
- ★ Barber Shop & Beauty Parlour
- ★ Stores and Boutiques
- ★ Room Service

### Variety

"But we still have all the attractions and none of the facilities. Cars are extremely expensive to hire because the roads are so rough and the cars keep breaking down. This is the only Latin American country where the Pan American highway is so bad that you have to eat dust all day and tourists are just afraid to go outside the city because of this. When a tourist asks me for a middle-range \$9 hotel and I say sorry; when they want to go to Potosí and I have to say sorry, there are only two planes a week and the flight is cancelled and the trains are booked till next week—well, they get mad at me and they begin to ask themselves why they ever came to this country!"

In her opinion the happiest Bolivian tourists are the kids who arrive here after a long and painful odyssey on the buses. It has the prestige of being almost harder to get to than Nepal, and can hardly be outstripped in exotic cachet. They spend two days looking round La Paz for ponchos and charangos, the strung instruments made from armadillo shells, and they drink mate de coca and chew leaves like the Aymara and are perfectly

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ISSUE NEWS

FFI launches £50m. of 14% loan stock

BY MARGARET REID

A £50m. public issue of stock is being launched by Finance for Industry, the bank-backed concern which operates the £1bn. medium-term lending facility set up early in 1975 to channel funds to industrial companies and which also owns Industrial and Commercial Finance Corporation.



Mr. John Pile, chairman of Imperial Group, which is today due to announce preliminary results for the year ended October 31, 1976.

COMPANY NEWS + COMMENT

Second half boosts Securicor to £3.51m.

AS FORECAST, second half pre-tax profit of Securicor Group showed continued growth, from £1.49m. to £1.95m. For the 53 weeks to October 1, 1976 the figure was a record £3.51m., compared with £2.78m. in the previous 53 weeks.

INDEX TO COMPANY HIGHLIGHTS table with columns for Company, Page, Col., and Page Col.

says that trading conditions improved during the first half and he anticipates a further improvement in the second half.

Vibroplant off £0.05m. halfway

FIRST half turnover of plant hire specialists, Vibroplant Holdings, improved from £2.53m. to £3.08m. but profit was down from £0.81m. to £0.88m. subject to tax of £0.45m., compared with £0.46m.

comment

Vibroplant appears to be playing its cards a little close to its chest. It will not quantify the profits of Airpac Rentals, the 18-month-old subsidiary which now appears to be making a substantial contribution.

executive member, Mr. W. H. Bishop.

comment

Adjusting for the extra week Securicor Group's preliminary profits are 25 per cent. up on last year and turnover is 31 per cent. ahead.

New Board at Edinburgh Industrial

After much restructuring, mutually agreed between the old and new managements, a Board reorganisation has taken place at Edinburgh Industrial Holdings.

Leigh Mills trebled at midway

On turnover steady at £1,378,411 against £1,383,877, pre-tax profit of Yorkshire-based worsted manufacturers The Leigh Mills Company more than trebled from £24,760 to £89,221 in the six months to October 31, 1976.

Increased sales at A. G. Barr

IN HIS annual statement, Mr. Robert Barr, the chairman of soft drinks group A. G. Barr and Co., says that sales to date in the current financial year show a reasonable increase over comparable figures last year, although the recent severe weather conditions have posed abnormal distribution problems as well as affecting consumer demand.

Blackman & Conrad slows in latter half

A DECLINE in the second half of 1976, from £260,000 to £260,000, left Blackman and Conrad only £4,000 ahead at £670,000 for the year ended September 30, 1976.

Malaysia Rubber steady

Net revenue of The Malaysia Rubber Company for the nine months to December 31, 1976, was £7,591 against £7,523, and dividends from associated companies totalled £5,153 (£7,425) gross.

International Trust Jersey

Stated earnings per £1 share at International Investment Trust of Jersey doubled from 3.5p to 7.5p during 1976 and dividend total being raised from 3p to 3.5p net, with a final of 2p.

DIVIDENDS ANNOUNCED

Table with columns for Current payment, Date of payment, and Total for year.

Blackman & Conrad slows in latter half

A DECLINE in the second half of 1976, from £260,000 to £260,000, left Blackman and Conrad only £4,000 ahead at £670,000 for the year ended September 30, 1976.

comment

After a first half improvement of 16 per cent. at Blackman & Conrad is a disappointment. The increase in capacity announced last year has been followed by a 29 per cent. increase in turnover but the pre-tax margin has been cut from 7.2 to 6.0 per cent.

Olympia Redacre

Taxable profit showed a 537,233 upturn to £180,218 at corduroy manufacturers, dyers and finishers Olympia (Redacre) for the year 1976. Sales were £0.32m. higher at £2.07m.

comment

The directors state that the figures exclude results of Kinta Kellas Rubber Estates and Dormal Investments for the periods concerned, except that dividends declared by Kinta Kellas in February 3, 1977 have been included.

comment

Lowndes-Ajax Computer Service Philip House, Lansdowne Road, Croydon CR9 2DL.

Greyhound Securities wound-up

A London investment company, Greyhound Securities, was compulsorily wound up in the High Court yesterday with debts of more than £3m.

McCAIRNS MOTON

The listing of McCairns Moton temporarily suspended on a basis of 10. The issue of a circular is being prepared.

VIBROPLANT HOLDINGS LIMITED

Business: Plant Hire Specialists INTERIM STATEMENT HALF YEAR TO 30th SEPTEMBER table with columns for 1976 and 1975.

THE GULF HANDBOOK 1976-77

572 pages + 8pp coloured sectional maps (171 x 117mm). £7.75 inc. post. With a Foreword by the Earl of Limerick, Chairman, Committee for the Middle East, British Overseas Trade Board.

Securicor CONTINUED PROGRESS

SECURICOR GROUP LTD. SECURITY SERVICES LTD. Results for the 53 weeks ended October 1, 1976 table with columns for 1976 and 1975.

With advances of 32% in profit and 28% in turnover by the security division, Securicor has more than kept pace with inflation.

Reuters is pleased to announce that Merrill Lynch has gone 'live' as a contributor to the Reuter Monitor Securities Service



The Merrill Lynch page codes and the contents of the pages are: MLBA - Eurodollar straight bonds. MLBB - Yankee bonds and floating rate notes.

Merrill Lynch, Pierce, Fenner & Smith, (Brokers & Dealers) Limited, 3 Newgate Street, London EC1A 7DA.

85 Fleet Street, London EC4P 4AJ. Telephone: 01-353 6060.

مكتبة الاميل



# Fluidrive Engineering sees further growth

In his annual statement Mr. David Donno, the chairman of Fluidrive Engineering Company, says that given the current trading conditions, he expects 1977-78 to be another record year. The company has already started the year with a record order book.

The group spent over £400,000 in capital expenditure during 1976-77 and has committed a similar sum for the current year. In addition, development expenditure has been increased by 50 per cent. In order to ensure that the long-term is safeguarded, the company has to have the best manufacturing equipment and be a leader in product development," states Mr. Donno.

To assist with the capital expenditure programme, Barclays Bank have granted a term loan of £300,000 secured on the company's freehold and leasehold properties. The loan is at a rate of 15 per cent and the interest is payable in 12 equal instalments over the term of the loan. The loan is secured on the company's freehold and leasehold properties. The loan is at a rate of 15 per cent and the interest is payable in 12 equal instalments over the term of the loan.

As reported on January 27 in the year to September 30, 1976, pre-tax profits rose 35 per cent to a record £1,000 on turnover of £2.28 million, up from £225,000 on £1.5 million in the year to September 30, 1975, and the balance will be drawn during 1977. Repayment will be over five years commencing during 1978.

As reported on January 27 in the year to September 30, 1976, pre-tax profits rose 35 per cent to a record £1,000 on turnover of £2.28 million, up from £225,000 on £1.5 million in the year to September 30, 1975, and the balance will be drawn during 1977. Repayment will be over five years commencing during 1978.

**Dunbar profit rises 25%**

A rise of 25 per cent in taxable profit to £25,000 is reported for the year ended December 31, 1976.

Deposits, current and other accounts have increased 18 per cent to £2,250,000. Advances to customers and other accounts were up from £1,700,000 to £2,000,000.

Mr. Ronald B. Scotcher, the chairman, says that the company's assets and value of investment portfolios managed showed substantial growth during the year and fees for other financial services from both companies and individuals made a useful contribution to earnings.

After tax of £105,261 (£56,459), the net profit was lower at £72,728 (£39,230). Dividends totalled £23,467 leaving a retained profit of £49,261 (£22,763).

The increase in working capital was £66,738 (£31,058) represented by the following increases: (In £000) Cash and money at bank £1,100; local authorities £34,177 (£24,563); quoted investments £21,665 (£7,330); advances to customers and other accounts £27,948 (£8,015); property held for sale £180,000 (nil); unquoted investments nil (£1,000) less deposit, current and other accounts excluding taxation and dividend £46,802 (£1,365,745).

**LESNEY PRODUCTS**

Lesney Products and Co. is convening an extraordinary meeting on March 14 to consider liquidation of the company.

# World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 7, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; (no direct quotation available); (SG) selling rate; (B) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Algeria (Dinar)	200.00	Germany (West) Deutsche Mark	4.14	Burundi (Burundi Franc)	216.50
Algeria (Dinar)	200.00	Ghana (Cedi)	1.97	Cuba (Cuban Convertible Peso)	24.00
Algeria (Dinar)	200.00	Ghana (Cedi)	1.97	Cuba (Cuban Convertible Peso)	24.00
Algeria (Dinar)	200.00	Ghana (Cedi)	1.97	Cuba (Cuban Convertible Peso)	24.00

1. That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa, known as the French Republic of the Congo, is a member of the sterling area. The exchange rate is based on the C.F.A. Franc to the unit of the C.F.A. Franc.

2. The C.F.A. Franc replaced the C.F.A. Franc. The exchange rate is based on the C.F.A. Franc to the unit of the C.F.A. Franc.

3. The C.F.A. Franc replaced the C.F.A. Franc. The exchange rate is based on the C.F.A. Franc to the unit of the C.F.A. Franc.

4. The C.F.A. Franc replaced the C.F.A. Franc. The exchange rate is based on the C.F.A. Franc to the unit of the C.F.A. Franc.

# Earnings up at Hume Holdings

A MARGINAL decrease in taxable revenue from £300,647 to £282,308 is reported by Hume Holdings for the six months ended December 31, 1976, but lower tax of £228,922, against £228,590, left the net figure £53,318 higher at £533,476.

The directors say they are confident that the distributable revenue for the full year will fulfil the forecast of an increase over the previous year's £1,030m. At halfway the distributable profit was up at £548,496 (£483,388).

State earnings per 25p share were up at 2.54p (2.54p) (2.54p) fully diluted, and the interim dividend, as previously reported, is held at 0.975p net. Last year's payments totalled 3.0875p.

Since December 31 the company has sold its shares in the two jointly owned property companies, Stephen Court and Harcourt House. The assets of the two companies consisted of two fully let office properties in Dublin and one in Cork. The net proceeds from the sale show a surplus of about £24,000. Share of substantial realised losses brought forward is estimated that no U.K. Capital Gains Tax liability will arise and reinvestment of the proceeds will produce an appreciable increase in net revenue, say the directors.

Taking account of this surplus at February 3, 1977, the basic net asset value per share was about 59.2p, of 75.5p fully diluted, representing an improvement from the half-year figures of 53p (60.8p), or 70.3p (68.6p) fully diluted.

# Bank Bridge £199,000 so far

Overall pre-tax profit of Bank Bridge Group jumped from £33,000 to £199,000 in the half year to September 30, 1976—the company and its subsidiaries incurred a loss of £40,000 (£38,000) but the share of profits from the subsidiary improved from £104,000 to £238,000.

For the full year 1976-77 profit was £278,000.

Once again there is no interim dividend. The last payment was an 0.2p interim for 1974-75.

Discussions are continuing between the advisers to the company and David Dixon and Son (Holdings), concerning the settlement of the claim by David Dixon.

	1976	1975
Turnover	1,978	1,573
Pre-tax profit	199	39
Corporation tax	48	34
Profit after tax	151	5
Minorities	12	18
Net profit	139	13
Loss		125

# Salvador Railway

The chairman of the Salvador Railway Company says that at the AGM on December 16, 1976, when explaining the settlement with the Salvadorean Government, he said it was doubtful whether the compensation would qualify as investment currency.

As a result of representations the Bank of England has allowed the compensation to be treated as investment currency.

The company's funds were consequently increased to a total of £208,400. Out of that sum the £14,478 preferential debt to the Inland Revenue has been paid and the £48,100 5 per cent. prior lien debentures are being redeemed at par.

Subject to claims of creditors and costs of winding up, which cannot be ascertained with certainty until a liquidator has been appointed, the residue will be approximately £125,000 to be divided: 80 per cent. to the 5 per cent. income loan stock holders and 20 per cent. to the consolidated stock holders in accordance with Scheme of Arrangement of 1956.

It is advisable that the Board should temporarily remain in office until completion of certain matters when notice regarding liquidation will be issued.

# Sommerville back in profit

Paper makers William Sommerville and Son made a recovery from a £2,000 loss to a pre-tax profit of £44,000 for the half year ended November 30, 1976.

This followed a reduction of the deficit to £20,485 in the second half of 1975-76, and, say the directors, was achieved despite very uncertain trading conditions.

The interim dividend is held at 0.5p net per 25p share. Last year payments totalled 1p.

# FERTILIZANTES VALE DO RIO GRANDE S. A. - VALEFERTIL

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### INVITATION FOR REGISTRATION OF MANUFACTURERS

1.0-FERTILIZANTES VALE DO RIO GRANDE S.A. - VALEFERTIL, is undertaking the establishment of a Fertilizer Complex, two 470 MTPD of P<sub>2</sub>O<sub>5</sub> Phosphoric Acid Units, two 470 MTPD of P<sub>2</sub>O<sub>5</sub> Phosphoric Acid Units, one 1000 MTPD Monocommunion Phosphate Unit and one 1080 MTPD Triple Superphosphate Unit.

4.0-Manufacturers interested in bidding should Air Mail applications for "Registration" in quadruplicate within six weeks after the publication of the advertisement giving the information listed in paragraph 3.0 to: FERTILIZANTES VALE DO RIO GRANDE S.A. - VALEFERTIL, C/O CONSORCIO NATRON/FLUOR, Rua Dom Gerardo - 40, 20.000 - Rio de Janeiro - Brazil.

5.0-VALEFERTIL reserves the right to verify all statements and inspect manufacturer's facilities to confirm manufacturer's capability to perform the work at any time before award of purchase and reserves the right to reject any prospective manufacturer without assigning any reasons therefor. When invitations to bid are sent to registered bidders, VALEFERTIL may state limitations under which some or all bidders can present their bids or ask for additional information related to the specific types of equipment needed. No further correspondence shall be entertained for non-selection of a manufacturer.

6.0-Principal factors that will be considered in evaluating bids from registered manufacturers will include price, taxes, quality, technical details offered with the bid, operation, maintenance and installation costs, freight, delivery time, performance guarantees, inspection and expediting expenses, payment terms and manufacturer's specific experience, as specified when requesting for bids.

7.0-Manufacturers who have not supplied equipment and materials of similar magnitude and duty for a Phosphate-based fertilizer plant need not apply.

8.0-Manufacturers are requested to indicate the item and sub-items from the following categories for which they would like to receive an "Invitation to Bid":

1. Pressure vessels, atmospheric vessels, storage tanks, scrubbers, demisters, absorbers and stacks, of carbon and alloy steel.
2. Silos, cyclones, ducts and bag filters of carbon steel.
3. Shell and tube heat-exchangers, water tube boilers, waste-heat boilers, economizers, superheaters and carbon block heat exchangers.
4. Rotary dryers and granulators.
5. Grinding mills and vibrating screens.
6. Agitators and mixers.
7. Submergible pumps and centrifugal pumps.
8. Centrifugal, rotary and metering pumps of carbon steel, alloy steel and plastic materials.
9. Blowers, fans and exhaustors.
10. Air and ammonia compressors.
11. Steam turbines and turbo-generator.
12. Belt conveyors, bucket elevators and solid handling equipment.
13. Payloaders, stackers and weight scales.
14. Sulphur and oil burners.
15. Sulphur filters.
16. Firebricks and mortar, carbon blocks, anti-acid lining.
17. Insulation material.
18. Piping and pipe materials, including valves and fittings of carbon steel, alloy steel, Uranus 88, stainless steel, cast iron, bronze, reinforced PVC and fiberglass, and rubber lined.
19. Process instrumentation and control valves.
20. Electrical equipment, including motors, transformers, circuit-breakers, switchgears, motor control centers and load centers.
21. Electrical materials, including wiring conduits, etc.
22. Cooling towers.
23. Safety equipment.
24. Equipment and materials for laboratory.
25. Mechanical and electrical maintenance equipment.
26. Catalysts.
27. Ammonia railroad cars.
28. Structural steel.

# Two essential guides to Property Portfolio Valuations.

**VALUATION OF FIXED ASSETS UNDER CURRENT COST ACCOUNTING**

**JONES LANG WOOTTON**  
Chartered Surveyors  
International Real Estate Consultants

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ESSE

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BIDS AND DEALS

Guinness Peat is agreed bidder for LEGT

Guinness Peat has emerged as the bidder for London Electrical and General Investment Trust. The terms, which are agreed, are 35 Ordinary shares in Guinness Peat, plus £13.50 in cash, for every share of LEGT...

H & C merger to go ahead

The merger of the three sister plantation companies in the Harrison and Crossfield stable is to go ahead, despite the £43m. cash offer for Golden Hope made by Genting Highland...

MINING NEWS

Inco's 1976 earnings improve to \$197m.

BY KENNETH MARSTON, MINING EDITOR

A GOOD fourth quarter has brought 1976 estimated total net earnings of Canada's International Nickel giant to \$197.5m. (£114.7m.) or \$2.64 (£1.54) per share...

bourne that the Ashton joint venture find is not as yet a commercial prospect and that the exploration programme is still in the early stages of what is essentially a long-term, expensive, high-risk undertaking.

London Tin production

DESPITE lower production figures last month the London Tin Corporation group's Berjantai and Malayan Tin mines are keeping well ahead of their output rates for 1975-76.

UCI cuts its dividend

AS FORESHADOWED at the half-year stage the Union Corporation group's investment subsidiary, UCI Investments, reports lower profits and a dividend for 1976.

WILLIAMS HUDSON HOLDERS ASKED TO WAIT

The three independent directors of Williams Hudson Group, for which Mr. David Rowland's private trust is holding 23p a share for the 33 per cent. of the shares it does not control, are advising shareholders to take no action until they have been advised by Deloitte's chartered accountants.

BELLAMBI COAL BOOSTS PROFITS

The Gold Fields group's New South Wales coal producer, Bellambi, is tripling its interim dividend after recording net profits for the half-year to last December of £1.2m.

MOORE CORP. IN AGREED BID FOR REST OF IAMSON

Moore Corporation, the Canadian business forms company, is making an agreed \$8p a share bid for the 48 per cent. of Lamson Industries which it does not already own.

SUITS/LESLIE AND GODWIN

Leslie and Godwin (Scotland), a subsidiary of the Leslie and Godwin (Holdings) insurance broking group, is proposing to purchase the 33 per cent. of Suits with a stake of one-third, and the Leslie and Godwin group with two-thirds.

RECENT ISSUES

Table with columns for Name, Price, High, Low, and Change. Includes entries for Equities and Fixed Interest Stocks.

"RIGHTS" OFFERS

Table with columns for Name, Price, High, Low, and Change. Lists various rights offers.

CRA IS COOL ON DIAMOND FIND

Cool, but not cold, comment has come from Conzac Riotinto of Australia on last week's claim by Northern Mining that a "potentially economic" discovery of diamonds has been made in the Kimberley region of Western Australia.

PEARSON LONGMAN ACQUISITION

Longman Group, a subsidiary of Pearson Longman Group Limited, has acquired the whole of the share capital of Construction Press. The net assets of Construction Press at December 31, 1976, amounted to £16,000.

APPROVAL FOR BAKER PERKINS

Baker Perkins Holdings say that in relation to its intention to offer \$10.33 for the minority holders shares in Baker Perkins Incorporated, the Board of Baker Perkins Incorporated has now approved the cash merger proposal and consent of the U.K. authorities has been received.

ADDS RACAL AND MILGO

The 33m. takeover battle for Mitec, Miami-based electronics group, between Racal Electronics and the U.S. Applied Digital Data Systems seems to be approaching a stalemate.

SHARE STAKES

Mered Russell and Co. sell 1,000 Chubbrey Estates shares on February 1, reducing its holding to 264,000 shares or 16.5 per cent.

ZANDPAN GOLD MINING COMPANY LIMITED

Interim Report for the Half-Year ended 31 December 1976. The unaudited financial results of the Company are estimated as follows:

For and on behalf of the Board: W. F. Thomas (Chairman), R. T. Swemmer, Directors.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issues / January, 1977

\$150,000,000

Walter E. Heller & Company

\$75,000,000

8.10% Senior Notes due February 1, 1987

\$75,000,000

8 3/4% Senior Debentures due February 1, 2002

- Salomon Brothers, Merrill Lynch, Pierce, Fenner & Smith, Bache Halsey Stuart Inc., The First Boston Corporation, Blyth Eastman Dillon & Co., Dillon, Read & Co. Inc., Donaldson, Lufkin & Jenrette, Drexel Burnham & Co., Goldman, Sachs & Co., Hornblower & Weeks-Hemphill, Noyes, E. F. Hutton & Company Inc., Kidder, Peabody & Co., Kuhn, Loeb & Co., Lazard Freres & Co., Lehman Brothers, Loeb Rhoades & Co. Inc., Paine, Webber, Jackson & Curtis, Reynolds Securities Inc., Smith Barney, Harris Upham & Co., Warburg Paribas Becker Inc., Wertheim & Co., Inc., White, Weld & Co., Dean Witter & Co., Bear, Stearns & Co., L. F. Rothschild & Co., Shearson Hayden Stone Inc., Shields Model Roland Securities, Weeden & Co., ABD Securities Corporation, Basle Securities Corporation, Daiwa Securities America Inc., EuroPartners Securities Corporation, Robert Fleming, Kleinwort, Benson, The Nikko Securities Co., Nomura Securities International, Inc., Scandinavian Securities Corporation, SoGen-Swiss International Corporation, Suez American Corporation, UBS-DB Corporation, Yamaichi International (America), Inc., Banque Bruxelles Lambert S.A., Banque Nationale de Paris, Hambros Bank, Kredietbank S.A. Luxembourgeoise, Nederlandsche Middenstandsbank N.V.

Union Corporation Group U.G. Investments Limited

(Incorporated in the Republic of South Africa)

PRELIMINARY ANNOUNCEMENT

Financial statement tables showing income statement for the year ended 31st December 1976 and balance sheet at 31st December 1976. Includes columns for 1976 and 1975 figures.

DECLARATION OF DIVIDEND A Final dividend No. 27 of 20 cents per share in respect of the year ended 31st December, 1976 (making a total of 30 cents per share for the year) has been declared payable to members registered in the books of the Company at the close of business on 11th February, 1977.

London Transfer Office, Granby House, 95 Southwark Street, London, SE1 0JA, 7th February, 1977.

مكتبات الاصل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Highveld Steel holds sales in first half

BY RICHARD ROLFE JOHANNESBURG, Feb. 7. HIGHVELD STEEL and Vanta... and this would include railage... Anglo American, has reported...

Philippines in first BD bond issue

THE FIRST-EVER listed bond issue is demonstrated in Bahraini... The BD\$5m. bond is for the...

MEMOREX Recovery through new management

BY ART GARCIA

AFTER A CLOSE brush with bankruptcy, Memorex Corporation... America's 800 largest industrial companies.

Another prospective source of future income is the company's suit against International Business Machines...



Mr. Robert C. Wilson, president, chairman and chief executive.

the 55 acres on which its headquarters complex is located. The property had been sold and the buildings, which are not being repurchased, were then leased back under a long-term occupancy agreement.

International Other acquisitions are likely to be in what he calls the "international arena," without being specific. Memorex now markets about 42 per cent of its output outside the United States...

Bankruptcy in Bergen

BY FAY GJESTER OSLO, Feb. 7. A BERGEN shipping company which specialised in placing orders with shipyards and then reselling the contracts to other shipping companies...

Poclain denies further talks

A spokesman for French construction firm Poclain SA said the company has not held talks with any private or nationalised groups since it signed a protocol agreement with the U.S. group Case Corp. at the end of January...

Debacle

Always ready to turn a phrase in talks to financial analysts, bankers and stockholders, Mr. Wilson describes 1973 as the year of the "debacle" at the company...

Insolvency

Although he insists he does not believe in inspirational clichés, his formulas for success are stated frequently enough so the management staff at Memorex is fully tuned into the basics of the boss's thinking...

Swedish Fund lags behind

BY WILLIAM DULLFORCE STOCKHOLM, Feb. 7. SWEDEN'S National Pension Fund performed less well in its year. The most notable changes were the increases in its Atlas Copco holding and the sale of its Swedish Match stock.

IBEC's credit rating

FRANKFURT, Feb. 7. THE COMECON-OWNED International Bank for Economic Co-operation (IBEC) is unlikely to be able to raise any more syndicated Euro-market credits until the question of its legal status is cleared up...

Trading results

Net turnover of Fr.5.84bn. (Fr.4.96bn.) in 1976, is reported by Carrefour SA, the French hypermarket group. Avions Marcel Dassault-Bréguet Aviation SA reports net turnover of Fr.5.53bn. (Fr.4.26bn.) in 1976, reports

Table with columns: STRAIGHTS, FLOTTING RATE NOTES, D-MARK BONDS, CONVERTIBLES. Lists various bond prices and yields.

2nd MARCH 1977 REDEMPTION PROVINCE OF NEWFOUNDLAND U.S. \$20,000,000 8 1/2% Bonds 1986. Includes redemption of bonds and drawing of bonds.

FAIRCHILD CAMERA AND INSTRUMENT CORPORATION. is now listed on The Stock Exchange, London. Hambros Bank Limited Salomon Brothers International Limited W. Greenwell & Co.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Turnover rise checked at Hoffmann-La Roche

BY JOHN WICKS

ZURICH, Feb. 7.

DUE TO a loss of potential income of some 6 per cent as a result of Swiss franc appreciation...

ASEA profits well ahead

BY OUR OWN CORRESPONDENT

STOCKHOLM, Feb. 7.

Pharmaceutical sales in Switzerland showed only a modest increase last year within the group total...

Huels sales rise 17% to DM2.7bn.

BY ADRIAN DICKS

BONN, Feb. 7.

HUELS, the West German chemicals group, announced a 17.3 per cent increase in its turnover to DM2.7bn. in 1976...

Behind Huels' caution in assessing the current year's prospects lies a distinct slowing down in growth during the second half of 1976...

Thomson hopes for 20% gain

By David Curry

PARIS, Feb. 7.

THE FRENCH telecommunications concern Thomson-CSF, which is raising Frs.330m. by way of a convertible loan...

Little mercy for Japan CB makers

BY YOKO SHIBATO

TOKYO, Feb. 7.

JAPAN'S Citizen Band (CB) transmitter industry has been jolted recently by a wave of bankruptcies and the promise of more to come...

Improved earnings at Voest-Alpine

BY PAUL LENDVAI

VIENNA, Feb. 7.

VOEST-ALPINE, the nationalised iron and steel concern, revealed a substantial improvement in its earnings...

Voest-Alpine paid for taking over a 49 per cent interest in the Korj Engineering company of Düsseldorf from the German Krieser Werke.

EUROBONDS

Norsk Hydro disappoints

BY BERNARD SIMON

YESTERDAY was a typically dull Monday on the Eurobond markets and is considered to be under-valued.

There have been conflicting reports on the response to Venezuela's \$100m. issue, also due for pricing this week.

KILLINGHALL (RUBBER) DEVELOPMENT SYNDICATE

MR. ADDINSELL'S STATEMENT

The Sixty-seventh Annual General Meeting of Killinghall (Rubber) Development Syndicate Limited was held on February 7th in London...

The profit before tax was £137,380. The Board recommended a final dividend of 5.13p per share...

AMERICAN NEWS Earnings turning lower at Lockheed

LOCKHEED AIRCRAFT Corporation reports fourth quarter net earnings of 50 cents a share (16 cents).

Table with 3 columns: Item, 1976, 1975. Includes Issued Capital, Retained Profits, Subordinated Loans, Deposits, Loans, Total Assets, Profits before Taxation, after Taxation.

Japan International Bank Limited. Shareholders: Fuji Bank, Daiwa Securities, Mitsubishi Bank, Nikko Securities, Sumitomo Bank, Yamaichi Securities, Tokai Bank.

Autopistas del Atlantico Concesionaria Española S.A. U.S. \$15,000,000 5-year bank guaranteed multicurrency loan.

Borg-Warner sells shares to Bosch. THE FINAL agreement is reported to have been signed recently on the sale by Borg-Warner...

Skelly Oil Company and Mission Corporation into Getty Oil Company. The merger of Skelly Oil Company and Mission Corporation in this transaction.

Handwritten text at the bottom of the page: مکتوب الاصل

# FINANCE FOR INDUSTRY LIMITED

(Incorporated in England under the Companies Act 1948 to 1967 - Registered No. 1142630)

A copy of this Prospectus, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of the Stock Exchange for the £50,000,000 14 per cent. Unsecured Loan Stock 1983 ("the Stock") of Finance for Industry Limited ("the Company") now being issued to be admitted to the Official List. The application for the Stock to be registered free of charge. The Prospectus will be released as any time thereafter on that day. The Stock qualifies as a trustee investment under the provisions of Part I of the Trustee Investments Act 1961. Transfers of the Stock will be registered free of charge. This Prospectus contains particulars given in compliance with the Regulations of the Council of the Stock Exchange for the purpose of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## Issue of £50,000,000 14 per cent. Unsecured Loan Stock 1983 of Finance for Industry Limited at £99.50 per centum

payable as follows: On application £10.00 per centum  
On 14th March 1977 £30.00 per centum  
On 3rd May 1977 £59.50 per centum  
£99.50 per centum

Gross redemption yield: £14.12 per cent.  
Interest will be paid half-yearly on 20th June and 20th December.

The Stock will be guaranteed as to payment of principal and interest by Industrial and Commercial Finance Corporation Limited ("ICFC") and Finance Corporation for Industry Limited ("FCI"), both wholly owned subsidiaries of the Company.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive applications for the Stock, the issue of which was authorised by a resolution of a Committee of the Directors of the Company passed on 7th February 1977.

Directors: THE RT. HON. LORD SEEDHIM, T.D. (Chairman), 5 Leamings Lodge, Cadogan Place, London, S.W.1.  
LAWRENCE VICTOR JOLLIAN TINDALE, C.B.E., CA. (Deputy Chairman), 3 Amaryn Park, Gardens, Twickenham, Middlesex.  
DAVID VALENTINE ATTERTON P. D., The Ten House, Old Warwick Road, Leamington Spa, Warwickshire.  
SIR HENRY ALEXANDER BENSON, G.B.E., F.C.A., 9 Dunward House, 31 Kensington Court, London, W.8.  
THE HON. JOHN DAWSON ECCLES, M.P., 53 Cadogan Square, London, S.W.1.  
SIR ERIC FAULKNER, M.B.E., Chart Cottage, Seal Chart, Nr. Sevenoaks, Kent.  
MUGH JON FOULDS, 77 Loudoun Road, St. John's Wood, London, N.W.8.  
PAUL FRANCIS GYNN HILDESLEY (General Manager), 30 Hyde Park Gardens, London, W.2.  
SIR MICHAEL MILNE-WATSON, C.B.E., 39 Cadogan Place, London, S.W.1.  
SIR JOHN PARTRIDGE, K.B.E., Flat 601, Camfington House, Marlford Street, London, W.1.  
SIR FRANCIS EDWIN PRESCOTT SANDILANDS, C.B.E., 53 Cadogan Square, London, S.W.1.  
ROBERT COURTNEY SMITH, C.A., North Lodge, Denkild, Perthshire.  
Secretary and Registered Office: BRYAN LEONARD SMITH (Solicitor), 91 Waterloo Road, London, SE1 8XP.  
Auditors and Reporting Accountants: WHINNEY MURRAY & CO., Chartered Accountants, 57 Chiswell Street, London, EC1Y 4SY.  
Solicitors: To the Company, SCALGHTER AND MAY, 35 Basinghall Street, London, EC2 5DB.  
Trustees for the Stockholders: WILLIAMS & GYNN'S TRUST COMPANY LIMITED, 20 Birch Lane, London, EC3P 3DP.  
Bankers: BANK OF ENGLAND, Threadneedle Street, London, EC2R 8AH and WILLIAMS & GYNN'S BANK LIMITED, 67 Lombard Street, London, EC3P 3DL.  
Receiving Bankers: BANK OF ENGLAND, New Issues, Watling Street, London, EC4M 3AA.  
Registrars for the Stock now being issued: BANK OF ENGLAND, New Change, London, EC4M 3AA.

SHARE CAPITAL of the Company. Issued and Fully Paid £89,000,000. LOAN CAPITAL of the FFI group (as defined in the Accounts' Report). Issued and outstanding and now being issued £127,025,000.

At the same date the FFI group had contingent liabilities totalling £16,632,016, including £18,245,025 relating to the guarantee of recourse agreements and loans, and had outstanding acceptances on behalf of customers totalling £378,765.

ICFC was incorporated in England on 20th July 1945 as a private company, and became a public company on 18th March 1959. ICFC's principal activity is investing, both directly and through subsidiaries, in small and medium-sized industrial and commercial enterprises in the British Isles, by subscribing for or purchasing shares or by making loans. The loans, normally repayable by instalments over periods ranging from 10 to 20 years, are in most cases secured by charges on customers' assets.

Other Borrowings and Guarantees. At 12th January 1977 the FFI group had other borrowings outstanding as follows:

HISTORY AND BUSINESS. FINANCE FOR INDUSTRY LIMITED. The Company was incorporated in England on 1st November 1973 as a public company. On 30th November 1973, pursuant to an offer made on 7th November 1973, the Company acquired the whole of the issued share capital of FCI for cash and on the same day it acquired the whole of the issued share capital of ICFC by way of an exchange of shares.

FINANCE CORPORATION FOR INDUSTRY LIMITED. FCI was incorporated in England on 19th May 1945 as a public company but became a private company on 29th May 1974. Prior to its acquisition by the Company FCI's lending policy was to restrict its investment to a small number of large projects for which finance was not readily obtainable from ordinary market sources.

chartered to responsible shipowners. The Company's leasing subsidiaries provide plant and equipment leasing facilities, primarily to small and medium-sized companies. Property investment and the provision of finance for property developments, primarily in industrial premises for small and medium-sized companies, is undertaken through other subsidiaries. The FFI group also offers advisory and management consultancy services.

MANAGEMENT AND STAFF. The activities of the Company and its principal subsidiaries are managed on a divisional basis. The group and divisional managers are supported by staff with the wide range of specialised knowledge and qualifications necessary for investigation of potential customers' businesses, and the experience required for assessment and evaluation of applications for finance.

PROFITS AND ASSETS. The consolidated operating profit of the FFI group for the year ended 31st March 1976 before charging interest and tax and before extraordinary items was, as shown in the Accounts' Report, £51,827,000. Interest on all secured borrowings of the FFI group (£6,754,000) and on all unsecured borrowings of the consolidated subsidiaries other than ICFC and FCI (£221,000) amounted in total to £6,975,000 leaving £44,852,000; after deducting interest of £3,480,000 on unsecured borrowings of the Company, ICFC and FCI, the profits for the year before tax and extraordinary items amounted to £7,472,000.

PURPOSE OF ISSUE. The net proceeds of the present issue of the Stock, estimated to amount to £48,955,000, will be applied in meeting the demand for funds for investment. It is intended to make further loan stock issues on such terms and in such amounts as circumstances demand. The Company also intends to take advantage of such opportunities as may occur to raise loan monies by other methods.

### ACCOUNTANTS' REPORT

The following is a copy of a Report received from Whinney Murray & Co., Chartered Accountants, the Auditors and Reporting Accountants: 57 Chiswell Street, London, EC1Y 4SY, 7th February 1977.

We have examined the consolidated accounts of Finance for Industry Limited (FFI) and its consolidated subsidiaries for the period ended 31st March 1974 and the two years ended 31st March 1975 and 1976 and the consolidated accounts of Industrial and Commercial Finance Corporation Limited (ICFC) and its consolidated subsidiaries for the two years ended 31st March 1972 and 1973 and the consolidated balance sheet of ICFC and its consolidated subsidiaries at 31st March 1971; these accounts include accounts of subsidiaries and associated companies audited by other auditors. We have also examined the accounts of Finance Corporation for Industry Limited (FCI) for the two years ended 31st March 1972 and 1973 and the balance sheet of FCI at 31st March 1971 which were audited by other auditors. FFI and its consolidated subsidiaries are hereinafter referred to collectively as the "FFI group" and ICFC and FCI are hereinafter referred to collectively as the "ICFC group".

embracing such companies and from the obligations laid down in paragraph 15(4) of Part II of the Eighth Schedule to that Act. Two industrial subsidiaries made up their consolidated accounts to 31st December 1976. Three other industrial subsidiaries have not been consolidated since the Directors considered the result would be of no real value in view of the insignificant amounts involved.

### 3. (a) PROFITS OF ICFC GROUP AND FFI GROUP

The profits of the ICFC group for the two years ended 31st March 1972 and 1973 and of the FFI group for the period ended 31st March 1974 and the two years ended 31st March 1975 and 1976, arrived at after making such adjustments to the audited accounts as we consider appropriate, were as shown in the following statement:

Table showing profits of ICFC group and FFI group for the years ended 31st March 1972, 1973, 1974, 1975, and 1976. Columns include ICFC group, FFI group, and FFI group (including ICFC group).

### (b) Year Period ended 31st March

Table showing year period ended 31st March for the years 1972, 1973, 1974, 1975, and 1976. Columns include ICFC group, FFI group, and FFI group (including ICFC group).

1. BASIS OF ACCOUNTS OF FFI. FFI was acquired by FFI on 30th November 1973 on a share exchange basis. FCI was acquired on the same date for a cash consideration. The whole of the retained surplus of the ICFC group, including that attributable to financial associated companies, has therefore been regarded as available for distribution by FFI, while the profits of FCI are only so regarded as from 30th November 1973. In respect of the period ended 31st March 1974, therefore, the profits of ICFC have been brought in for a whole year, while the reserves of ICFC as at 1st April 1973 have been treated as the opening reserves of the FFI group; the profits of FCI are included only as from 30th November 1973.

(1) Realisation. Realised profits are credited to revenue and realised losses are charged against the general provision, except that in the year ended 31st March 1976 realised losses relating to an item in a category against which specific provisions are maintained are also charged to revenue, to the extent that they exceed such specific provisions.

(1) Interest and dividends. In the period ended 31st March 1974 this includes FCI £2,368,000, being income from loans less interest on advances from bankers and on an amount paid in advance of calls.

(1) Rate of dividend. Following the change to the imputation system of taxation there have been, for purpose of comparison, been calculated by dividing the net dividends into the appropriate number of shares.

2. ACCOUNTING POLICIES. The principal accounting policies adopted by the FFI group for the preparation of its annual accounts, and previously used by the ICFC group and FCI where applicable, are:

(1) Deferred taxation. Deferred taxation represents mainly the proportion, considered to be applicable to loans less interest on advances from bankers and on an amount paid in advance of calls, since that date the deferred method has been used.

(1) Turnover, being value of sales and services invoiced in year excluding intra-group items. Depreciation: 530

(1) Earnings per share. Profit (loss) attributable to FFI group's ICFC group before extraordinary items (£000): 2,351 4,374 4,911 (17,373) 4,239



APPOINTMENTS

J. Fitzpatrick is Mersey Docks chief executive

The MERSEY DOCKS AND HARBOUR COMPANY has appointed Mr. James Fitzpatrick as managing director following the decision of Mr. John Page, the chairman, to step down as chief executive.



Mr. James Fitzpatrick

Mr. T. Harrison, deputy chief executive of CLARKE CHAPMAN, has been appointed acting managing director responsible to Sir James Woodson as executive chairman.

Mr. W. A. Airey has been appointed chairman and chief executive of WEEKS ASSOCIATES following the death of the former chairman Mr. F. Weeks.

Mr. Donald Davison has been appointed chairman of National Spokesless Fuels and of Thomas Ness in succession to Mr. Leslie Grainger.

Mr. Alan Kennedy has been appointed to the Board of the THOMAS COOK GROUP and will be managing director of Thomas Cook Ltd. from April 1.

Mr. Bhaskar Mitter has been appointed chairman of the CALCUTTA ELECTRIC SUPPLY CORPORATION in succession to Mr. Sachindra Chaudhuri.

Lord Manseroff is to be the first chairman of the BRITISH GREYHOUND RACING FEDERATION when it comes into being on March 1.

Mr. A. A. Gibson and Mr. C. L. Danks, directors of the plastics division of IMPERIAL CHEMICAL INDUSTRIES, retire on March 31.

Mr. J. F. Machin is retiring as a director of EDGAR ALLEN BALFOUR.

Viscount Garnock has been appointed to the Board of the BIRMINGHAM and Cambridge has resigned all executive services at the BIRMINGHAM MINTEL.

Mr. W. J. A. Dacombe has been appointed chairman of WILLIAMS GILYN AND CO, merchant bank subsidiary of Williams and Glyn's Bank.

Dr. Michael J. Martinek has been appointed managing director of CHLORIDE GENT. He succeeds Mr. D. G. Scott.

Mr. T. V. Edge has been appointed operations director and Mr. M. E. Wilkes transport director on the Board of MITCHELL COTTS AIRFREIGHT.

Mr. C. Cooper has been appointed a director of WISK AIR CARGO, a subsidiary of Mitchell Cotts and Company (U.K.).

Mr. Keith Collier has been appointed managing director of INTERTRUCK succeeding Mr. Graeme Smith.

Mr. John Gadd, at present chairman of Eastern Gas, will succeed Mr. George Cooper as chairman of NORTH THAMES GAS on April 1.

Mr. D. T. Griffiths and Mr. C. Marley have joined the Board of PULMARLEK INTERNATIONAL HOLDINGS.

Mr. William Melrose has retired as a director of CLACKS WOOD MORTON AND SONS (HOLDINGS) for health reasons.

Mr. J. C. Sharp has been appointed a non-executive director of E. CHALMERS (HOLDINGS).

Mr. R. A. York, deputy chairman of the EAST MIDLANDS ELECTRICITY BOARD, is to retire at the end of March.

Mr. Ian F. Halliday will be taking up a new appointment as group finance director on the Board of LESLIE AND GODWIN (HOLDINGS) from March 1.

Mr. John Wallace has been appointed director of technical services at the BIRMINGHAM MINTEL.

Mr. D. G. Scott has resigned from the Board of JOHN FINLAN because of ill health.

Mrs. Marigold Johnson has been appointed a part-time member of the SOUTHERN ELECTRICITY BOARD.

Mr. C. Cooper has been appointed a director of WISK AIR CARGO, a subsidiary of Mitchell Cotts and Company (U.K.).

Mr. Keith Collier has been appointed managing director of INTERTRUCK succeeding Mr. Graeme Smith.

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BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

MIDDLE EAST CONSULTANT GROUP OFFER:

For companies wishing to be introduced in the Middle East, the following services are available: LAUNCHING OF NEW PRODUCT, PRODUCT ALREADY EXISTING, OUR GROUP OFFERS.

ANNOUNCEMENT: Funds available for Mortgage and Re-mortgage, Shops, Offices, Hotels, Industrial and Residential. Development Schemes, Bridging Finance, and Full Range of Facilities for all Transactions.

Would you like to EXPORT TO EAST EUROPE but don't know how? Our Chemicals Department could do the job for you, on sales commission basis only.

INTERNATIONAL BIDDING: Sociedade de Cereais Bertol Ltda. foreseeing the implantation of an industrial unit located in Piaso Fundo - Rio Grande do Sul.

IMPORTED VEHICLE FRANCHISE MIDLANDS: Group of garages in prime positions. Excellent profit record and current figures available.

Overnight Delivery to all major U.S. and European cities; South America and Asia - Second morning.

WORLD COURIER advertisement with logo and contact information: 1-5, Queen Street London EC4 1SP. 01-248 7421 Telex 885841.

CHESHAM AMALGAMATIONS & INVESTMENTS LIMITED advertisement: ACQUISITIONS & MERGERS BY AGREEMENT.

Our business is merging your business. Successfully. 38 CHESHAM PLACE, LONDON SW1. 01-235 4551.

INTERNATIONAL BIDDING: TECANOR S.A.—Textil Catarinense Do Nordeste, foreseeing the enlargement of an industrial unit located in Paulista, Pernambuco.

STOCKBROKERS: We are acting on behalf of an old-established medium-sized London firm which has two or three vacancies for Partners or Associated Members.

WANTED: CAPITAL GAINS TAX LOSS COMPANY. With £500,000 agreed loss. Indemnities will be required from Vendors to cover usual financial matters.

AGENT REQUIRED: U.K. and/or U.S.A. with contracts in the power transmission (flexible rubber couplings) and automotive industries.

U.S.A.? Technical and Industrial Sales! With facilities and back-up in U.K. and U.S.

BOARDROOM CONTROL PROBLEMS: Disputes and Liquidity Problems. CONSULT THE EXPERTS.

DO YOU HAVE CUSTOMERS IN GERMANY? We could take care of them. Securing your contacts, attending to your correspondence.

UNITED STATES INDUSTRIAL FOOD MARKETING COMPANY: desire to act as agent for import and export of Industrial Food Items.

WANTED: Thermal insulation company located south of England with turnover in excess of £250,000.

£10,000 REQUIRED FOR 3 MONTHS: New company with overflowing order book requires cash to fulfil orders.

PUBLIC COMPANY requires to purchase North of England. Net worth £25-£35 million. Apply Financial Director Longevity House.

By Direction of the Joint Receivers and Liquidators of the David Charles Group of Companies. Sale by Auction of Superior Modern Furniture and Equipment.

TELEX COSTS: Now is the time to cut your costs, save writing letters and speed up your business.

PRESTIGE CARS WANTED: TO ALL COMPANY DIRECTORS TRANSPORTERS AND PRIVATE CAR OWNERS. Open 7 days a week.

TAX LOSS COMPANY FOR SALE: Investment company with— 1. Capital losses: £240,000.

A SPECIAL SITUATION EXISTS FOR THE PURCHASE OF A 50% INTEREST: in an old established and well known firm of Estate Agents and Surveyors.

CAMPING HOLIDAYS: Privately owned French Villa Company is interested in partnership to promote camping holidays in France.

(SCOTTISH) ENGINEERING COMPANY WANTED: U.K. Company wish to acquire a small engineering business within a 40-mile radius of Glasgow.

CAPITAL: required by small private group to take advantage of expansion and new ventures.

CONFIRMING: Export Merchants having fully experienced staff dealing with confirming transactions in major markets.

Property Dealing Company: for sale with tax losses of £25,000 owning small business in central London.

STANDARD GUARANTEE LTD.: 17a, Cannon Street, London, W.2. 01-402 7113.

COMPANY WITH AGREED CAPITAL GAINS LOSSES OF NOT LESS THAN £100,000 REQUIRED: Replies in confidence to: STYLGOS SOLICITORS.

A WELL EDUCATED Arab-speaking business man frequently travelling to Saudi Arabia is willing to undertake assignments. Write A. Mason, 57 Cavendish Rd., London, W.1.

Stamp and VAT Regn. No. (if not registered put "NONE") For use by the Bank of England. Accepted for Cheque No.

THE APPLICATION LIST WILL BE OPENED AT 10 AM ON FRIDAY, 11th FEBRUARY 1977 AND WILL BE CLOSED AT ANY TIME THEREAFTER ON THAT DAY.

FINANCE FOR INDUSTRY LIMITED ISSUE OF £50,000,000 14 PER CENT. UNSECURED LOAN STOCK 1983 AT £99.50 PER CENT.

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND. The applicant named below requests you to allot to him/her in accordance with the terms of the Prospectus dated 7th February 1977.

SIGNATURE of, or on behalf of, applicant. PLEASE USE BLOCK LETTERS. SURNAME OF APPLICANT, MR/MRS/MISS OR TITLE, FIRST NAME(S) IN FULL, ADDRESS IN FULL.

Applications must be for £100 of the Stock or a multiple thereof up to £2,000 Stock; applications for over £2,000 Stock must be in multiples of £500 Stock. Applications should be lodged at the Bank of England, New London, Cannon Street, London, EC4M 8AA.

FINANCE REQUIRED: Company engaged in reclamation industry requires assistance for financing advantageous purchase of the freehold of its London premises.

FIRE PRODUCTS: A substantial company with a small activity in the Fire Installations field would like to develop its fire interests by acquiring a small or large company.

FOR SALE: A company with a good industrial area within easy reach of London, Southampton and Bristol.

DISTRIBUTORS WANTED: throughout Africa, Middle and Far East, Europe and Latin America for the "International Investment Guide."

SMALLER COMPANIES: Are you complying with the welfare of your employees, health and safety, pensions, company law, etc?

PLANT AND MACHINERY: CHOICE of 60 Used Fork Lift Trucks, 100 used in manufacturing concerns.

CONTRACTS WANTED: All types of spray painting and stove enamelling carried out Long or short runs.

YOUR OFFICE IN REGENT STREET: 24-hour telephone answering, Luxury furnished private offices.

INVENTOR OF ELECTRIC: Call De-Horning Tool (Patent applied for) offers outright sale.

MINI COMPUTER FOR SALE: Data General Nova 1200 Computer For Sale, £9,500.

WIRE NAILS: Leading Indian manufacturers of full range of wire nails has immediate capacity available.

SELECTION of High-Yielding Secondary Shop Investment Properties available. North of England. Let on 10 year lease.

HOTELIER seeks working participation/partnership in C. London hotel. Capital available. Alternatively with rent or purchase short lease.

PUBLIC COMPANY requires to purchase North of England. Net worth £25-£35 million. Apply Financial Director Longevity House.

SUB-CONTRACT WANTED: Progressive expanding steel fabricators with good facilities and labour, seek further repetitive fabrications spraying facilities.

LIMITED COMPANY FORMED BY EXPERTS FOR £75. READY MADE £80. COMPANY SEARCHES EXPRESS CO. REGISTRATION LTD.

Credit Drapery/Small Unit Loan Business Required. LARGE OR SMALL CASH WAITING.

PART OWNERSHIP: Six-seat Executive Volvo 401 available with professional pilot.

PACKAGING - BOTTLING: Small sub-contract packaging or bottling company wanted serving the food, drink or chemical industries.

£10,000 MORTGAGE Required: modern Hotel situated in central London in N.W. England.

IBM ELECTRIC TYPEWRITER factory reconstructions and repaired by IBM. Buy—give up to 30% below—resale price.

Index down 1.58 after early firmness FOREIGN EXCHANGES Sterling weaker

BY OUR WALL STREET CORRESPONDENT

STOCKS unable to sustain early mid-1977, but the period was firmness, turned lower on Wall ahead of the cold spell. Street today as investors continued to worry over the effects of the recent cold wave and received about 45 per cent. of Administration's proposed Mingo in its tender offer, which stimulus package on the U.S. economy.

MONDAY'S ACTIVE STOCKS

Table listing active stocks such as Gulf & Western Ind, Gulf & W. Int, Dow Chemical, etc.

OTHER MARKETS

Canada easier

Prices on Canadian Stock Markets showed a downward bias after the Toronto Composite Index losing 2.3 to 1,065.2.

Gas Index moved ahead 4.4 more to 1,132.3. Banister Continental fell \$1 to \$131 on lower third-quarter earnings.

PARIS—Often lower, reflecting the Paris transport workers strike planned for Wednesday and also by yesterday's wage negotiations for Railway, Gas and Coal industry workers.

ROYAL DUTCH and Hoogovens gained some ground in generally easier Dutch International. Rises elsewhere were led by Bergson, Fokker and Ennia, but Gist Brocades and Bijenkorf, lost 2 1/2 and 4 1/2 respectively.

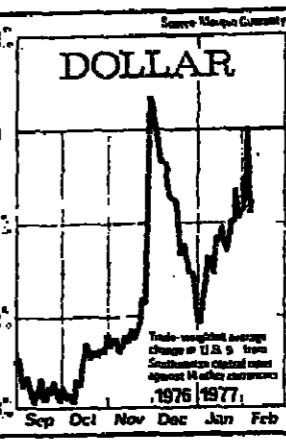
GERMANY—Mixed, following lack of demand, despite leading Banks, Chemicals and Electricals were slightly lower, but Motors and Engineering hardened. Steels lost between 1 1/2 and 2 1/2.

NEW YORK, Feb. 7. A few offers were sufficient to lower prices. Among Industrials, Olivetti Priv. lost 1 1/2 to 1,028. Pirelli SpA L40 to L1,116, and Sna Viscosa L42 to L1,128.

OSLO—Industrials and Shippings were slightly firmer, but Bankings and Insurances were easier. JOHANNESBURG—Gold shares were slightly softer in a featureless market.

STERLING lost ground in the foreign exchange market yesterday afternoon following disappointment at a sharp rise in the wholesale price index. The authorities may have taken the opportunity to add to the foreign currency reserves in quiet pre-emptive trading, but probably intervened to prevent too sharp a rise in the pound in the afternoon.

HONG KONG—Sharply higher in fairly active trading, extending last week's gradual build-up as buying interest returned following recent dull trading.



GOLD MARKET

Table showing gold prices in London, New York, and other markets.

FOREIGN EXCHANGES

Table showing exchange rates for various currencies like New York, London, etc.

EXCHANGE CROSS-RATES

Table showing cross-rates between major currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits.

FORWARD RATES

Table showing forward exchange rates for different periods.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones index performance for the week.

STANDARDS AND POORS

Table showing Standard & Poor's index performance.

MONTREAL

Table showing Montreal stock index performance.

TORONTO

Table showing Toronto stock index performance.

JOHANNESBURG

Table showing Johannesburg stock index performance.

BRISBANE

Table showing Brisbane stock index performance.

SYDNEY

Table showing Sydney stock index performance.

MILAN

Table showing Milan stock index performance.

PARIS

Table showing Paris stock index performance.

AMSTERDAM

Table showing Amsterdam stock index performance.

COPENHAGEN

Table showing Copenhagen stock index performance.

OSLO

Table showing Oslo stock index performance.

STOCKHOLM

Table showing Stockholm stock index performance.

VIENNA

Table showing Vienna stock index performance.

OVERSEAS SHARE INFORMATION

NEW YORK

Large table listing various overseas stocks and their prices.

CANADA

Table listing Canadian stocks and their prices.

PARIS

Table listing Paris stocks and their prices.

MILAN

Table listing Milan stocks and their prices.

BRUSSELS

Table listing Brussels stocks and their prices.

AMSTERDAM

Table listing Amsterdam stocks and their prices.

STOCKHOLM

Table listing Stockholm stocks and their prices.

VIENNA

Table listing Vienna stocks and their prices.

COPENHAGEN

Table listing Copenhagen stocks and their prices.

OSLO

Table listing Oslo stocks and their prices.

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Table listing Vienna stocks and their prices.

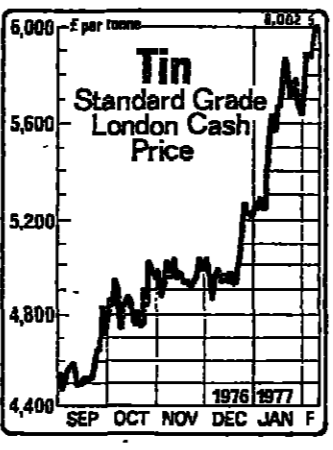


# TRADING AND RAW MATERIALS

## India to buy \$26m. of soya oil and lead markets

By K. K. Sharma  
NEW DELHI, Feb. 7.  
INDIA WILL import 50,000 tonnes of soyabean oil worth \$26m. from the U.S. this year.  
The import will be made under a PL 480 loan from the U.S. on easy repayment terms, an agreement on which has been signed.  
Further imports of soyabean oil are expected to be agreed in the middle of this year.  
The agreement will help the Government's plans to import edible oils in substantial quantities to check current inflationary pressures. A part of this drive the Government has banned the export of castor and linseed oil. The State trading corporation has been authorised to buy edible oils from world markets and its operations will start soon.

BY JOHN EDWARDS, COMMODITIES EDITOR  
TIN AND lead prices surged to all-time peaks on the London Metal Exchange yesterday in a general upward move in metal values.  
Cash tin gained £125 to £6002 a tonne—the first time it has breached the £6,000 mark. The three months' quotation advanced by £165 to £6,102.50 and advanced to £6,120 in late kerb trading. Turnover was a hefty 3,805 tonnes despite a distinct reluctance to sell.  
The higher trend was set by the further rise in the Penang market over the week-end where the Straits tin price reached a record \$341.534 a picul, \$341.5 above Friday's close.  
A special delegation from the U.S. and European buyers.  
U.S. buying interest was believed to be mainly responsible for the recovery in values during the afternoon, after the market had eased on profit-taking. A fall of 40 tonnes in LME warehouse stocks reducing holdings to 4,826 tonnes was a smaller decrease than had generally been forecast.  
A special meeting of the national Tin Council heads of delegation will be held in London today to consider legal opinion on whether the International Tin Agreement can be extended for another year. If Bolivia still refuses to ratify the new pact that came into force provisionally on January 1 for six months.  
A special delegation from producer countries in South East



Asia, led by Malaysia, is due to visit Bolivia and the U.S. later this month to discuss both the Bolivia refusal to join the Tin Agreement and reported moves in the U.S. for releases from the strategic stockpile.  
It was reported last Friday that the U.S. stockpile had only 2,443 long tons of surplus stockpile tin authorised for sale.  
Lead values also rose to new peaks, despite a rise in warehouse stocks of 1,325 tonnes to 59,100 tonnes. In active trading conditions, with a turnover of 10,275 tonnes, cash lead gained £10.25 to £388 a tonne and three months rose £12.5 to £370.75 widening the contango (premium) of the forward quotation over the cash price.  
The surge was attributed to further bullish sentiment, encouraged by the prospect of increased battery sales in the U.S. in the severe winter conditions and continued rumours of further Soviet buying.  
It was noted, however, that warehouse stocks have risen for five consecutive weeks, despite reports that a large proportion are already committed for shipment.  
A rise of 2,925 tonnes in copper stocks to a record 618,000 tonnes was ignored by the market, which was more influenced by the rise in New York on Friday night.  
After faltering in the face of some influential selling the up-trend was continued with cash wirebars closing \$5.5 up at \$284.76 a tonne and moving higher on the late kerb.  
As expected, zinc stocks showed a small decline of 975 tonnes to 79,622 tonnes, while LME zinc holdings fell by 270,000 to 26,970,000 ounces.

## Malaysian palm oil output cut

KUALA LUMPUR, Feb. 7.  
PENINSULAR MALAYSIAN crude palm oil production fell to 126,842 tonnes in November from 133,775 in October. It was up on the 112,967 of November 1976, preliminary Statistics Department figures show.  
The 11 months total for 1976 rose to 1,151,000 tonnes (1,03m).  
Peninsular crude palm oil exports also fell to 59,755 (79,141 and 84,144), making a total for January/November of 681,076 (754,221).  
Crude palm oil stocks at end-November totalled 120,652 tonnes against 121,216 in October and 132,136 in the same period last year.  
East Malaysian crude palm oil production was 12,344 tonnes (14,513 and 12,655), making a cumulative total of 118,275 (109,806).  
Reuter

## EEC move to curb sugar substitutes

BY ROBIN REEVES  
BRUSSELS, Feb. 7.  
THE EUROPEAN COMMISSION has asked to ban the granting of national investment aids to promote the production of glucose syrup with a high fructose content (isoglucose).  
In a letter to EEC member Governments the Commission said it would no longer regard financial aid in this sector as compatible with the Common Market.  
This is on the grounds that it believes the production capacity of existing isoglucose plants—estimated at 140,000 tonnes (dry matter) in 1976—already exceeds the Community's demand for sugar with surplus sugar production.  
"If production of isoglucose develops, the sugar surplus is likely to increase even further," Member governments have been given a fortnight to submit their comments, but a Council Ministers' discussion on the subject before Christmas indicated there would be no strong objections.  
The powerful European sugar

beet lobby has been worried for some time at the development of substitute sweeteners and has been campaigning for action to discourage their development.  
There is already a ban on investment aid in the beet sugar sector.  
On Commodities Staff writes: The London daily price for raw sugar was cut £2 to £123 a tonne on the world market yesterday. London futures values eased.  
Meanwhile Reuter reported from Tokyo that a five-man delegation from Australia's CSR sugar company will start negotiations with Japanese sugar refiners and importers on February 14 on a proposal to cut the current fixed price of Australian sugar supplies under the five-year contract between the two countries.  
Australia is reported to have agreed to a price cut from July, when the current five-year sales contract for 600,000 tonnes at \$405 a tonne enters its third year.

## DAIRY FARMERS' CASE REJECTED

FIVE NORTH Devon dairy farmers who brought complaints against the Milk Marketing Board after they lost premium contracts for supplying Channel Island milk have lost their case.  
Yesterday's report of the Committee of Investigation for England and Wales, set up under the Agricultural Marketing Act 1958, said the board had not been guilty of any improper act or omission in its administration of the milk marketing scheme in respect of the complaints."

## Copper pricing proposals

BY DAVID EGI  
GENEVA, Feb. 7.  
POSSIBLE NEW bases for fixing prices in contracts for the sale of copper will be discussed here in a two-week meeting of inter-governmental experts.  
The Council of Copper Exporting Countries (CICEP) will submit detailed proposals for the modification of present contracts, which are based on a formula which the Council hopes may be put into effect as an interim measure prior to the negotiation of a full copper stabilisation agreement.

## Cocoa at new peaks again

BY OUR COMMODITIES STAFF  
COCOA PRICES reached records again yesterday in response to significant manufacturer demand.  
On the London terminal market the May position closed \$35.25 high on 10,000 tons of cocoa.  
Prices opened as much as \$15 a tonne higher, reflecting the strong pre-week-end close in New York. But they fell sharply before being boosted by good physical inquiries in the late afternoon and early afternoon.  
Some traders thought the Dutch dock strike contributed to the "bullish" mood of the market, but most agreed this factor was not as significant for cocoa as for coffee.  
In Japan figures for last November indicate gross wool consumption was 5 per cent above November 1976 with similar rises in wool top and worsted and wolen yarn production.

## COMMODITY MARKET REPORTS AND PRICES

BASE METALS	
COPPER—Fully steady on the London Metal Exchange with forward metal prices at \$25.5 a tonne, three months \$26.00, and six months \$26.50. The market was quiet on Friday. During the morning there were some trade but prices were steady. In the afternoon there was some buying. The price dipped to \$25.50 on the London market. The price on the New York market was \$25.50. The price on the Chicago market was \$25.50. The price on the Sydney market was \$25.50.	
LEAD—Official: 200.00, Unofficial: 200.00	
ZINC—Official: 200.00, Unofficial: 200.00	

## PRICE CHANGES

Commodity	Price
Aluminium	2300
Free Market	2300
Cash	2300
Three months	2300
Six months	2300
Gold	314.00
Three months	314.00
Six months	314.00

## U.S. Markets

Commodity	Price
Wheat	1.25
Corn	1.10
Soybeans	1.30
Cotton	1.40
Wool	1.50

## COMPANY NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE  
NOTICE TO SHIPPERS  
FREIGHT RATES TO CANADIAN GREAT LAKES PORTS  
The member lines of the above conference operating services between the U.K. Northern Ireland and the Continent...  
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.

## LEGAL NOTICES

NOTICE TO MEMBERS OF SHARE  
NOTICE TO MEMBERS OF SHARE  
NOTICE TO MEMBERS OF SHARE  
NOTICE TO MEMBERS OF SHARE

## COFFEE

COFFEE—Fully steady on the London Market...  
COCOA—Fully steady on the London Market...  
SUGAR—Fully steady on the London Market...

## MEAT/VEGETABLES

MEAT/VEGETABLES—Fully steady on the London Market...  
Wool—Fully steady on the London Market...

## SOYABEAN MEAL

SOYABEAN MEAL—Fully steady on the London Market...  
Wool—Fully steady on the London Market...

## Wool

Wool—Fully steady on the London Market...  
Wool—Fully steady on the London Market...

## Wool

Wool—Fully steady on the London Market...  
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## Wool

Wool—Fully steady on the London Market...  
Wool—Fully steady on the London Market...

STOCK EXCHANGE REPORT

Markets turn down sharply on inflationary pressures
Share index 6.3 off at 397.5 and Gilt-edged falls to 5/8

Account Dealing Dates
Option
\*First Declara- Last Account
Dealings Dealing Day
Jan. 17 Jan. 27 Jan. 28 Feb. 8

and in the late business were occasionally down a full point against closing losses of 2. The continued downturn in short-term money market rates provided comfort for nearer issues which showed gains to 1 and more in the case of selected low-coupon stocks, but after-hours' rises were evaporating as sentiment succumbed to the nervousness at the longer end. Neither reports that the public sector borrowing requirement was likely to be reduced nor the Finance For Industry £30m. loan were factors in the day's proceedings. With the exception of one or two issues, Corporations resisted and Revised Invitations offerings in a market lacking any buying enthusiasm made quite an impression on the investment currency premium which fell to 97 per cent, before closing 31 down at 98 1/2 per cent. Yesterday's SE conversion factor was 0.7649 (0.7483).

Corinthian wanted
The big four Banks eased with the general trend and once again the volume of business fell much to be desired. Barclays shed 2 1/2 to 232 1/2 and 2 1/2 to 230. Discounts already unsettled by adverse Press comment, took a distinct turn for the worse in the later trade in sympathy with Gilt. Union fell 1 1/2 to 137 and Allen Harvey and Rose gave up 1 1/2 to 40 1/2. Gilt-edged fell 1 1/2 to 137 and National gave up 1 1/2 to 142 1/2. King and Shaxson were 5 off at 50. The dull sequence of the day, largely on professional activity, dawned at 10 a.m., the FT 30-share index was down to a net rise of 0.4 two hours later and a loss of 1.4 at 3 p.m. The late turnaround was measured by the fall of 6.3 at the close of 397.5. Losses outnumbered rises in FT-quoted equities by 7 to 4.

Long Gilt's weaken
Increasing fears about inflation found reflection in Gilt-edged but it was only in the afternoon that the market became really vulnerable following announcement of the January Wholesale Prices Index. The longer maturities were particularly sensitive and after having regained early falls extending to 3, wilted quickly

while Distillers were lowered 3 to 130p. Against the trend, Lever-30p. edged up 2 to 45p. Buildings were quiet and displayed no set trend. A.P. Cement gave up 3 to 178p and Magnet and Southern were like amount easier at 185p, while Taylor Woodrow shed 4 to 270p. After last Friday's jump of 17, which followed news that the company is involved in bid discussions with

unquoted concern, Shellbar Price cheapened 1 1/2 to 94p on the lower interim profits. Barnett and Halliwell, on the other hand, rose a further 5 to 57p and improvements were recorded in Phoenix Timber, 70p, and Istock Johnson, 102p. M. J. Gleason edged forward a penny to 36p on Press comment and Concrete held steady at 30p in front of today's interim results. Willows Francis followed last Friday's speculative gain of 8 with a further improvement of 4 to 58p. Elsewhere in Chemicals, Enalun Plastics were also firm at 33p, up 5. ICI, however, drifted 4 lower to 348p. A weekend Press suggestion that the Board will soon enfranchise the shares sparked off a fair amount of interest in Burton A which touched 82p before closing 2 up at 81p following last week's gain of 7. The Ordinary ended 3 harder at 72p. Marks and Spencer, however, reverted to 2 1/2 as did UPS, to 61p. Blackman and Conrad eased 3 to 37p on the results.

Lep Group good
The miscellaneous industrial majors developed a gentle upward drift after trying to rally early afternoon, prices turned off again late to close with losses to 8 as in Glaxo at 450p, Dairylease, 432p, Seachem, 412p, and 200 1/2 to 100 1/2. 145p. All lost 4 and Rank Organisation receded 3 to 174p. Elsewhere, the 85p share cash offer announced by Moore Corporation ended 3 harder at 120p. Investors which fell 1 1/2 to 82p. The latter were strong last week on news of a bid possibility. De La Rue were erratic, touching 267p before ending 3 harder at 247p. Royal Dutch back 1 to 52 1/2. Control attracted further early support and rose to 138p before reverting to Friday's closing level of 135p. While Hiramax gave up 2 to 156p, Leicesters, 100p, at 150p, were vulnerable and domestic market advances coupled with the effects of the lower dollar premium caused Woodside, 100p, to fall 5 to 110p. Properties, indecisive and through-out dull, Hammerson "A" fluctuated between 37p and 38p before closing unchanged at 38p, while United Red, 166p, Allied London, 120p, and Hadeney, 100p, all shed around 4. Land Securities gave up 3 to 162p and MEPC investments were raised 4 to 185p. A Press report that London Ship and Builders' Estimates, 1976, in Beaumont accused firmness in the former, but softened after the official denial to close slightly easier at 46 1/2, after 48p.

improvements of between 3 and 5 were recorded in Courtney Pope, 41p, Lead Industries, 136p, and Keley Industries, 63p. B. Forteman hardened, while news on Press comment, while news of Lesney Products' planned redemption of its 11 per cent Debenture Stock 1990-95 left the latter 24 points higher at 330. Security Services hardened to 38p on the results, while White rose 3 to 133p reflecting its successful defence against the proposed Hanson Trust offer.

Oil's active
Oil's active stocks list British Petroleum were joint top with local profit-taking just outweighing Continental demand and bringing a close of 3 cheaper at 52 1/2. Shell was 10p cheaper at 52 1/2. The decision to sell the 20 per cent ex-Burmah holding was not irrevocable made no impression. Barham shared the major placing, closing at 100p. Royal Dutch back 1 to 52 1/2. Control attracted further early support and rose to 138p before reverting to Friday's closing level of 135p. While Hiramax gave up 2 to 156p, Leicesters, 100p, at 150p, were vulnerable and domestic market advances coupled with the effects of the lower dollar premium caused Woodside, 100p, to fall 5 to 110p. Properties, indecisive and through-out dull, Hammerson "A" fluctuated between 37p and 38p before closing unchanged at 38p, while United Red, 166p, Allied London, 120p, and Hadeney, 100p, all shed around 4. Land Securities gave up 3 to 162p and MEPC investments were raised 4 to 185p. A Press report that London Ship and Builders' Estimates, 1976, in Beaumont accused firmness in the former, but softened after the official denial to close slightly easier at 46 1/2, after 48p.

South African Golds managed to register gains of up to 1/2 in the amount of attention to Lonrho

which improved to 92p in active trading before closing a net 3 better on the day at 88p. Overseas Traders were easier, where changed. After Friday's late jump of 13 on the company's statement that they had received several bid approaches, London Electrical and General rose 12 more to 98p, after 102p, following news of the agreed bid from Guinness Peat; the latter closed 10 cheaper at 158p, selling the offer at 85p per L&E and G. The latter's Preference issues were also marked higher; the 4 1/2 per cent, were raised 9 to 51p and the 8 1/2 per cent, closed with firm support. Other Investment Trusts spent another quiet session with institutional interest again noticeably lacking. Following the interim figures, Home Holdings A and shares closed with firm support of 2 and 1 respectively at 52p and 47p. Gains of 3 were seen in Oil and Associated, 68p, and Scottish Oil, 115p, but Thompson's Oil and G Holdings continued to figure prominently in Financials, rising 10 to 88p in a thin market on country buying in the lower priced stocks like Western Holdings, 11, and 10. The result was mirrored in a rise of only 0.5 in the Gold Mines index to 95.8.

heavyweight issues such as Anglo American 2 to 105p. The Western Holdings, 11, and 10. The result was mirrored in a rise of only 0.5 in the Gold Mines index to 95.8. Buyers, however, continued to be deterred by the political unrest in southern Africa, and although a modest demand was reported from the Cape, the Continent and, in late trading, the U.S., business remained at a low level. The bid price was finally 82 up to 813.273, its highest since January 4. Financials were a share easier in quiet trading. Of the overseas-based issues, Rand Selection declined 5 more to 360p and

South African Golds managed to register gains of up to 1/2 in the amount of attention to Lonrho

FINANCIAL TIMES STOCK INDICES
Table with columns: Index, 1976, 1977, % Change, etc. Includes Government Sec., Fixed Interest, Industrial Ordinary, etc.

HIGHS AND LOWS
Table with columns: Index, High, Low, etc. Includes Govt. Sec., Fixed Int., Ind. Ord., Gold Mines, etc.

SCOTTISH NATIONAL Party leaders yesterday challenged the Government to risk a general election over plans for a Scottish Assembly. Mr. William Wolfe, chairman, and Mr. George Reid, the party's spokesman on devolution, said in Edinburgh that the Government should make the devolution of power a condition of passing their verdict on the Government. In a document issued yesterday, the SNP sets out self-government for Scotland as the first of its aims. Self-government, it says, means restoration of Scottish national sovereignty by the establishment of a devolved Scottish parliament within the Commonwealth, freely elected by Scottish electors.

Scots call for election over devolution moves
Either way, there can be one and only one sequel: a general election to give the Scottish people the opportunity of passing their verdict on the Government. In a document issued yesterday, the SNP sets out self-government for Scotland as the first of its aims. Self-government, it says, means restoration of Scottish national sovereignty by the establishment of a devolved Scottish parliament within the Commonwealth, freely elected by Scottish electors.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS, Monday, February 7, 1977, Index, % Change, etc. Includes CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

Table with columns: FIXED INTEREST, Monday, Feb. 7, Friday, Feb. 4, etc. Includes Consols 2 1/2% yield, 20-yr. Govt. Stocks, etc.

ACTIVE STOCKS

Table with columns: Stock, Denomination, Closing Price, Change, etc. Includes BP, Shell Transport, etc.

NEW HIGHS AND LOWS FOR 1976/77

Table with columns: Stock, Denomination, High, Low, etc. Includes BP, Shell Transport, etc.

NEW HIGHS AND LOWS FOR 1976/77

Table with columns: Stock, Denomination, High, Low, etc. Includes BP, Shell Transport, etc.

MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (since February 3, 1977). Day-to-day credit remained in very short supply in the London money market yesterday and the authorities continued to roll over the shortage by giving further exceptional assistance. They bought a very large number of various types of bills, made up of a large number of Treasury bills, purchased from the discount houses and banks, a small number of local authority bills and a similar amount of eligible bank bills. The balances were found at around 10-11 per cent, although some

Table with columns: Sterling Deposits, Local Authority Deposits, etc. Includes Overnight, 2 days notice, etc.

OPTIONS TRADED

Table with columns: Calls, Puts, etc. Includes BP, Shell Transport, etc.

BASE LENDING RATES

Table with columns: Bank Name, Rate, etc. Includes A.B.N. Bank, Allied Irish Banks, etc.

DEALING DATES

Table with columns: Deal, Last, Declara, etc. Includes First Lond. Sec., etc.

RISES AND FALLS

Table with columns: British Funds, etc. Includes British Funds, etc.

Table with columns: Property Growth, etc. Includes Property Growth, etc.

AUTHORISED UNIT TRUSTS

العمل

Table of Unit Trusts (left column), including Abbey Unit Trst Mgrs Ltd, Allied Member Group, and various other trusts with their respective managers and performance data.

Table of Unit Trusts (middle column), including Discretionary Unit Fund Managers, Hill Samuel Unit Trst Mgrs, and various other trusts.

Table of Unit Trusts (right column), including M & G Group, N&L Trust Managers, and various other trusts.

Table of Unit Trusts (far right column), including Target Trust Mgrs, Great & Prosper Group, and various other trusts.

CINEMAS section listing various cinema listings, showtimes, and prices for different venues.

ART GALLERIES section listing various art galleries and exhibitions, including 'The British Artists' and 'The Limbless Ex-Service Men's Association'.

INSURANCE, PROPERTY, BONDS section listing various insurance and financial services, including Abbey Life Assurance, Commercial Union, and others.

OFFSHORE AND OVERSEAS FUNDS section listing various offshore and overseas investment funds, including G.T. Management, King & Shaxson, and others.

Prop. Equity & Life Ass. Co. section listing various property, equity, and life assurance companies and their services.

NOTES section containing various financial notes, advertisements, and information related to the trusts and services listed.

WE, THE LIMBLESS, LOOK TO YOU FOR HELP section featuring an advertisement for the British Limbless Ex-Service Men's Association, highlighting their support for war veterans.

Exporting is easier with OPEN ACCOUNT INVOICING. Interested? Talk to INTERNATIONAL FACTORS LIMITED.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS table with columns for Stock, Price, Div, Cr, and various fund names like Electric 74-77, Treasury 11-77, etc.

CANADIANS table listing Canadian stocks such as Montreal St, Bell Canada, New Valley, etc.

BUILDING INDUSTRY-Continued table listing building-related stocks like Longbridge, London, Lawrence, etc.

DRAPERY AND STORES-Continued table listing drapery and store stocks like Winton, Winton, Winton, etc.

ENGINEERING-Continued table listing engineering stocks like Alford, Alford, Alford, etc.

INDUSTRIALS-Continued table listing various industrial stocks like Alford, Alford, Alford, etc.

Five to Fifteen Years table listing long-term investment funds like Electric 74-77, Treasury 11-77, etc.

BANKS AND SHIP PURCHASE table listing bank and shipping stocks like ANZAC, ANZAC, ANZAC, etc.

CHEMICALS, PLASTICS table listing chemical and plastic stocks like Alford, Alford, Alford, etc.

ELECTRICAL AND RADIO table listing electrical and radio stocks like Alford, Alford, Alford, etc.

ENGINEERING, MACHINE TOOLS table listing engineering and machine tool stocks like Alford, Alford, Alford, etc.

INDUSTRIALS-Continued table listing various industrial stocks like Alford, Alford, Alford, etc.

Over Fifteen Years table listing long-term investment funds like Electric 74-77, Treasury 11-77, etc.

BEERS, WINES AND SPIRITS table listing beer, wine, and spirit stocks like Alford, Alford, Alford, etc.

CINEMA, THEATRES AND TV table listing cinema, theatre, and TV stocks like Alford, Alford, Alford, etc.

DRAPERY AND STORES table listing drapery and store stocks like Alford, Alford, Alford, etc.

ENGINEERING, MACHINE TOOLS table listing engineering and machine tool stocks like Alford, Alford, Alford, etc.

INDUSTRIALS-Continued table listing various industrial stocks like Alford, Alford, Alford, etc.

COMMONWEALTH & AFRICAN LOANS table listing commonwealth and African loan stocks like Alford, Alford, Alford, etc.

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INDUSTRIALS-Continued table listing various industrial stocks like Alford, Alford, Alford, etc.

AMERICANS table listing American stocks like Alford, Alford, Alford, etc.

BUILDING INDUSTRY, TIMBER AND ROADS table listing building, timber, and road stocks like Alford, Alford, Alford, etc.

CINEMA, THEATRES AND TV table listing cinema, theatre, and TV stocks like Alford, Alford, Alford, etc.

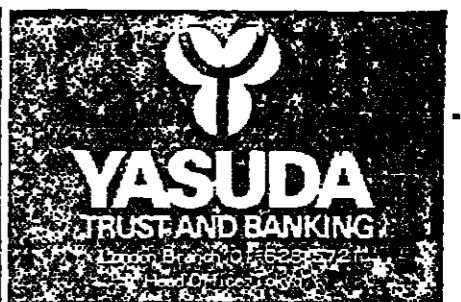
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INDUSTRIALS-Continued table listing various industrial stocks like Alford, Alford, Alford, etc.

مكتبات الامارات

سوق المال



MINES-Continued

Table with columns: Stock, Price, Div, Cr, Tr, etc. for various mine stocks.

AUSTRALIAN

Table with columns: Stock, Price, Div, Cr, Tr, etc. for Australian stocks.

TINS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for tin stocks.

COPPER

Table with columns: Stock, Price, Div, Cr, Tr, etc. for copper stocks.

MISCELLANEOUS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for miscellaneous stocks.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominated in pence. Dividend dates are in parentheses.

RECENT ISSUES AND RIGHTS PAGE 34

REGIONAL MARKETS

Table showing regional market data for various areas.

OPTIONS

Table showing 3-month call rates for various options.

TRUSTS-Continued

Table with columns: Stock, Price, Div, Cr, Tr, etc. for trusts.

OILS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for oil stocks.

OVERSEAS TRADERS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for overseas traders.

RUBBERS AND SISALS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for rubber and sisal stocks.

TEAS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for tea stocks.

MINES

Table with columns: Stock, Price, Div, Cr, Tr, etc. for mine stocks.

EASTERN RAND

Table with columns: Stock, Price, Div, Cr, Tr, etc. for eastern rand stocks.

FAR WEST RAND

Table with columns: Stock, Price, Div, Cr, Tr, etc. for far west rand stocks.

O.F.S.

Table with columns: Stock, Price, Div, Cr, Tr, etc. for O.F.S. stocks.

FINANCE

Table with columns: Stock, Price, Div, Cr, Tr, etc. for finance stocks.

TRUSTS-Continued

Table with columns: Stock, Price, Div, Cr, Tr, etc. for trusts.

SHIPPING

Table with columns: Stock, Price, Div, Cr, Tr, etc. for shipping stocks.

SHOES AND LEATHER

Table with columns: Stock, Price, Div, Cr, Tr, etc. for shoes and leather stocks.

SOUTH AFRICANS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for south african stocks.

TEXTILES

Table with columns: Stock, Price, Div, Cr, Tr, etc. for textile stocks.

TOBACCO

Table with columns: Stock, Price, Div, Cr, Tr, etc. for tobacco stocks.

TRUSTS, FINANCE, LAND

Table with columns: Stock, Price, Div, Cr, Tr, etc. for trusts, finance, and land.

FINANCE, LAND, ETC.

Table with columns: Stock, Price, Div, Cr, Tr, etc. for finance, land, etc.

DIAMOND AND PLATINUM

Table with columns: Stock, Price, Div, Cr, Tr, etc. for diamond and platinum.

PROPERTY-Continued

Table with columns: Stock, Price, Div, Cr, Tr, etc. for property.

SHIPS BUILDERS, REPAIRERS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for shipbuilders and repairers.

SHOES AND LEATHER

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DIAMOND AND PLATINUM

Table with columns: Stock, Price, Div, Cr, Tr, etc. for diamond and platinum.

MOTORS, AIRCRAFT TRADES

Table with columns: Stock, Price, Div, Cr, Tr, etc. for motors and aircraft trades.

Commercial Vehicle

Table with columns: Stock, Price, Div, Cr, Tr, etc. for commercial vehicles.

Components

Table with columns: Stock, Price, Div, Cr, Tr, etc. for components.

Garages and Distributors

Table with columns: Stock, Price, Div, Cr, Tr, etc. for garages and distributors.

NEWSPAPERS, PUBLISHERS

Table with columns: Stock, Price, Div, Cr, Tr, etc. for newspapers and publishers.

PAPER, PRINTING, ADVERTISING

Table with columns: Stock, Price, Div, Cr, Tr, etc. for paper, printing, and advertising.

PROPERTY

Table with columns: Stock, Price, Div, Cr, Tr, etc. for property.

INSURANCE

Table with columns: Stock, Price, Div, Cr, Tr, etc. for insurance.

INDUSTRIALS-Continued

Table with columns: Stock, Price, Div, Cr, Tr, etc. for industrials.

Commercial Vehicle

Table with columns: Stock, Price, Div, Cr, Tr, etc. for commercial vehicles.

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Table with columns: Stock, Price, Div, Cr, Tr, etc. for insurance.

INDUSTRIALS-Continued

Table with columns: Stock, Price, Div, Cr, Tr, etc. for industrials.



Agreement reached on Meriden rescue

BY TERRY DODSWORTH AND PETER CARTWRIGHT

THE GOVERNMENT yesterday cleared the way for the rebirth of the Meriden Motorcycle Co-operative under the guidance of private enterprise GEC, headed by Sir Arnold Weinstock. The deal, which involves GEC in providing £1m. of revolving funds to the co-operative for up to three years, was outlined to the House of Commons by Mr. Eric Varley, the Industry Secretary, after a month of protracted negotiations.

TUC warning on the extent of pay demands

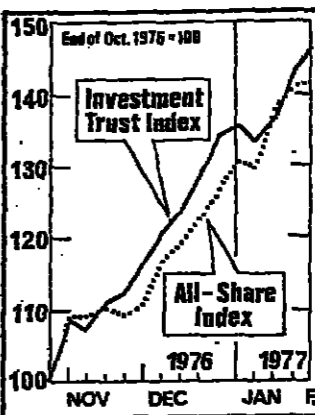
BY ROY ROGERS, LABOUR CORRESPONDENT

A WARNING THAT UNIONS will have to drop or delay pressing for some of the pay policy demands made at last year's TUC Congress if the attack on inflation and rising unemployment is to be maintained has come from the TUC. Members of the TUC's economic committee meet tomorrow to hear a report about last week's preliminary pay policy talks between their negotiators and Mr. Denis Healey, the Chancellor of the Exchequer, and to consider the TUC's annual economic review.

FFI comes back after 2 years

THE LEX COLUMN

Index fell 6.3 to 397.5



Arm-twisting was one description of the way the institutions were persuaded to subscribe two years ago to Finance for Industry's £75m. issue of six-year Unsecured Loan stock. Unless something really nasty happens to the gilt market by Friday, however, the main problem with FFI's latest issue — £50m. of 14 per cent stock dated 1983 at 99½ — is likely to be in coping with the rush of applications.

Lamson Industries

Judging by the sharp drop Lamson Industries share price yesterday, the minority shareholders were expecting something better than Moore Corporation's 85p-a-share cash offer for the outstanding 48 per cent. Since last week's news it Moore Corporation wanted buy out the minority, Lamson share price had risen by two-thirds on the assumption that Moore Corporation, which paid 100p a share to gain control of Lamson Industries in 1973, would at least repeat its terms. Though subsequent profit record has been volatile, Lamson's profits are now running comfortably ahead of levels.

Central bank chiefs agree on sterling support measures

BY ROBERT MAUTHNER

BASEL, Feb. 7.

CENTRAL BANKERS from the major Western industrialised countries, agreed tonight on the final details of the \$3bn. Bank for International Settlements standby credit, which was arranged last month to help Britain achieve an orderly rundown of official foreign-held sterling balances.

State BP share sale not irrevocable

BY RAY DAFTER AND JOHN HUNT

THE GOVERNMENT has conceded that it may have second thoughts about the sale of 500m. of BP shares acquired from the OIL, and now held by the Bank of England. Mr. Harold Lever, Chancellor of the Duchy of Lancaster, told the Commons yesterday that the decision to sell almost one-fifth of BP's total shareholding was not completely irrevocable.

Emergency plan launched for shipbuilding industry

BY KEVIN DONE, INDUSTRIAL STAFF

THE GOVERNMENT yesterday launched its emergency measures aimed at shoring up the ailing shipbuilding industry until it can overcome the delays that have halted progress towards nationalisation. It is setting up a holding company in the next two weeks — National Shipbuilders and Repairers Limited — based on the existing State-owned yards. It has been chaired by Mr. Eric Varley, the Industry Secretary, with taking on "the crucial role in seeking orders for the British shipbuilding industry to support the marketing effort of the individual companies."

Honours List row

The former Premier and Mr. Haines, a former political journalist, argued apart. Sir Harold left Downing Street. Mr. Haines was Sir Harold's Press secretary for six years when he was a jealous protector and created a formidable barrier between the Prime Minister and political journalists.

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Wholesale price rise

The impact can be seen in the underlying rate of retail price inflation. Over the year to the fourth quarter, the Treasury forecast is for a 15 per cent. rise in the cost of living with a possibly higher rate in the next few months. These hopes rest on the success of the pay policy, the extent to which companies exploit the relaxation of the Price Code, and, in particular, on raw material costs.

Weather

Table with columns for U.K. TO-DAY, BUSINESS CENTRES, and HOLIDAY RESORTS. Includes weather forecasts for various locations like London, Edinburgh, and holiday spots like Jersey and Mallorca.

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